

# Administrative Circular

Commonwealth of Pennsylvania  
Governor's Office

12-01  
Number

**Subject:**

2012-2013 Budget Hearing Materials

**Date:**

January 17, 2012

**By Direction of:**



Charles B. Zogby, Secretary of the Budget

**Expiration Date:**

January 17, 2013

**Contact Agency:**

Governor's Budget Office, Bureau of Budget Administration, Telephone 717.787.2542

**Agencies must provide budget hearing materials to the House and Senate Appropriations Committees prior to budget hearings. All materials must reflect the decisions contained in the Governor's 2012-2013 Executive Budget.**

Attached is a reproduction of a request received from the Senate and House Appropriations Committees. Unless otherwise indicated in the attachment, all requested materials must be compiled and submitted directly to each committee no later than ten days before an agency's scheduled hearing or as soon as possible for those agencies scheduled earlier than ten days after the Governor's Budget is released. Agencies should review the attached letter carefully and note the following:

1. The emphasis on and the request for information regarding agency program goals/objectives, measures, performance, and effectiveness.
2. The formats requested by the committees for operating and program appropriations are attached to the letter.
3. A total of 45 copies of the hearing material are required by the House of Representatives. The Senate requires 42 copies. Listings of **contracts/grants** may be submitted as separate documents and **only six copies need to be submitted** to each of the committees.

4. Agencies not scheduled for a hearing before the appropriations committees must submit the required information to the committees by **March 1, 2012**.
5. In addition to the paper copies due prior to the hearings; provide by **March 1, 2012**, a list of contracts and grants in excess of \$5,000 in the requested Microsoft Excel format that allows the user to search and sort by categories and groupings.
6. A new requirement this year in Item 3(c) to identify the amount of prior-year appropriations waived pursuant to Act 146 of 1980 and [Management Directive 310.3, Encumbering and Lapsing of Appropriations](#), used to support a 2011-2012 appropriation, project or fund.

In response to Item 8 in the letter requesting templates for budget information, the Governor's Budget Office will provide information to agencies for their review.

**Also, agencies have been asked to provide the status of pending litigation. This information will be provided to the committees by the Office of General Counsel and the Office of the Budget. Agencies should not include this information with the budget hearing materials.**

As indicated, Request for Approval of Federal Funds (RAFF) forms are to be packaged separately and submitted with the hearing materials. Dollar amounts for 2012-2013 should agree with the amounts printed in the Governor's Budget. If revisions to the Governor's Budget estimate for a federal appropriation are necessary, agencies must notify the Governor's Budget Office. Identify the appropriation title, the Governor's Budget estimate, the revised estimate, and the reason for the change in a memorandum to the Governor's Budget Office accompanying the Budget Office's copies of the RAFFs. All copies of the RAFFs must be clear and legible. Incomplete forms and illegible copies may be returned to the agency or not processed.

Two additional copies of all hearing materials, plus three sets of the RAFF forms, are to be submitted to the Governor's Budget Office **three days prior** to submission to the committees. Supplemental material requested by any of the committee chairmen is to be submitted to all four chairmen and the Governor's Budget Office. The committees have asked that all supplemental information requested during the agency hearings be supplied no later than five workdays following the day of the agency hearing.

Agencies will be notified by the committees of their individual hearing date, time, and location. Preparation of the historical data should begin immediately, along with any other data that can be assembled at this time. However, before completing the briefing package, each agency should thoroughly familiarize itself with the proposed amounts, policies and initiatives in the Governor's 2012-2013 Executive Budget.

Incomplete information makes timely and thorough analysis difficult; therefore, incomplete or improper submissions may be returned for resubmission. Please give this request for material top priority and the appropriations committees your utmost cooperation.

**Attachment: Letter: House and Senate Appropriations Committees and Attachments**



January 5, 2012

Honorable Charles Zogby  
Secretary of the Budget  
238 Main Capitol Building  
Harrisburg, PA 17120

Dear Secretary Zogby:

We acknowledge that the Commonwealth continues to face fiscal challenges for FY 2012-13 and we will approach the upcoming budget with the intent of targeting spending to programs producing demonstrated results. We will carefully examine programs to determine where need or performance and results do not warrant the continued expenditure of state funds. As part of that effort, we request that agencies provide detailed program performance information and data in their budget presentations. Such information should be based on materials already developed by agencies in preparing their budget requests or budget justifications.

Below is a detailed list of the information that must be submitted in both paper and electronic form ten days prior to the budget hearing for each agency. All hearing material should also be available in electronic format and accessible on the Budget Office FTP server. Those agencies that are not scheduled for a hearing should submit the information no later than March 1, 2012. Forty-five (45) copies should be prepared for the House Appropriations Committee and forty-two (42) copies for the Senate Appropriations Committee. Listings of contracts should be submitted in both electronic and paper form as separate documents and only six (6) copies need to be submitted to each of the committees.

- (1) **Table of Contents:** All hearing materials should have a table of contents, which refers to numbered pages in the document.
- (2) **Mission Statement:** Each agency should articulate its fundamental mission and identify the operational priorities reflected in its budget request. The mission statement should: communicate the agency's mission; outline the agency's goals and objectives; and briefly describe the agency's strategies and methods for achieving such goals and objectives.
- (3) **Appropriations:** The description of each program should include how the request was computed, what goals/objectives are to be achieved with the funds, and quantifiable information on which program performance can be gauged. Please include all of the statutory authority that established the program and authorizes the expenditure of funds. New programs or expanded programs should be explained in detail, identifying the objective, the cost implications, personnel requirements and how the impact of the program will be measured and evaluated. Each Agency should:

- (a) Provide a detailed explanation of all assumptions used in the development of the appropriations request including assumptions related to complement, operating, fixed asset and grant and subsidy expenditures.
- (b) Identify any FY 2010-11 obligations (including dollar amounts) rolled forward to FY 2011-12; and any FY 2011-12 obligations (including dollar amounts) proposed to be rolled forward to FY 2012-13.
- (c) Identify the amount of any prior-year appropriations waived pursuant to Act 146 of 1980 and Management Directive 310.3 used to support a FY 2011-12 appropriation, program or project.
- (d) Identify any appropriations of which you are aware for which a FY 2011-12 supplemental appropriation is needed. Give dollar amount and date when the current appropriation will be exhausted.
- (e) If funds have been placed in budgetary reserve for FY 2011-12, please indicate if these funds have been restored in FY 2012-13 and provide an explanation/justification for the restoration.
- (f) Identify cost savings included as part of the budget request and provide a description of the impact of the proposed program funding changes.
- (g) Provide special fund financial statements and budgetary detail for each special fund which requires an appropriation or executive authorization in both hard copy and electronic format. Statements provided in electronic format should be in Excel with formulas where calculations occur. Budgetary detail should be provided for the actual, available, budget and budget planning years. As an example of how this information should be presented, we have attached a financial statement and budget detail for the PACE fund.
- (h) Agencies should also provide the status of pending litigation related to programs they administer that have the potential to impact the Commonwealth's fiscal position along with a brief description of each case.

The format for the agencies to describe each appropriation is attached to this letter. As an example of how agencies should present their appropriations requests, we have enclosed several pages from the Department of Public Welfare's FY 2010-11 budget book. Agencies that do not follow the requested format will have their information returned and agency funding needs will not be considered until information is presented in the requested manner.

- (4) **Federal Augmentations:** The Request for Approval of Federal Funds Form (RAFF) should be filled out for each augmentation that is requested for the FY 2012-13 budget. One copy of each form is to be provided to each executive director. The forms should be packaged by agency and should be submitted with the rest of an agency's presentation. As in the past, it is our intention to use this form throughout the year for all requested additions, deletions, or changes to the Federal Augmentations Appropriations Act.
- (5) **Restricted Receipt Accounts:** Provide a list of all restricted receipt accounts which will be necessary in the State Treasury. Also provide justification for each restricted receipt account including a RAFF form for federal restricted receipt accounts.

- (6) **Federal Block Grants:** Each agency should provide a spending plan of how they would like block grant money appropriated and of each programmatic area (including administration) within those appropriations. These spending plans should be provided in comparable format for state fiscal years 2010-11, 2011-12 and 2012-13. In addition, for fiscal year 2012-13 each agency should provide detail on the qualifying activities that may be funded with federal block grants, and justify its selection of the activities which it is proposing to fund with federal block grants. Each agency should also describe the types of organizations, public or private, eligible to provide block grant services.
- (7) **Contracts/Grants:** Provide a list of contracts in excess of \$5,000 that includes: the dollar value, the appropriation that funds it, the name, general location, and in the event that a trade or corporate name is used, list the trade or corporate name and principals. Provide the purpose of each contract including contracts for the provision of consulting services. In addition please provide a separate list of interagency agreements. The list of contracts/grants should be for the entire 2010-11 fiscal year, the 2011-12 fiscal year to date, anticipated contracts for the remaining portion of the 2011-12 fiscal year, and where possible a list of anticipated contracts for fiscal year 2012-13. Additionally by March 1st, provide contract and grant lists in electronic form in the Microsoft Excel format, available via the Budget Office's FTP server. The user should be able to search and sort by categories and groupings. An illustrated example is attached.
- (8) **Templates:** In addition to the written material being requested from each agency, please provide one copy of the appropriation summary, complement summary, major object summary, special fund financial statements, and special fund appropriation budgets. Please provide this information in detailed computer files in Excel format for each appropriation or special fund and submit via the Budget Office's FTP server. **All Excel files must contain formulas rather than values in cells where calculations occur.** Please provide a detailed explanation of all assumptions used in the development of the appropriation request including assumptions related to complement, operating, fixed asset and grant and subsidy expenditures.

All templates submitted via the FTP server must be in Excel format and must reflect and support the expenditure levels contained in the Governor's Budget submitted to the General Assembly on February 7, 2012. In addition, templates must permit the Appropriations Committees to update the data contained therein to reflect subsequent changes in complement, payroll, benefit rates and factors, retirement rates, etc. All data should be accessible on the FTP server no later than March 1, 2012.

Incomplete information makes timely and thorough analysis of the budget difficult. Please impress upon the various Agency Heads the necessity of complying with the format outlined and advise them that incomplete or improper submissions will be returned for resubmission.

Additional items of information may be requested under separate letter from either the Majority or Minority Chairman of the Appropriations Committees as well as by individual members and staff during the committees' hearings.

Since much of the information requested relates to appropriation decisions for the coming fiscal year, all requests for information made by committee members or staff during a hearing must be supplied to the committee chairman no later than five working days following the agency's hearing.



**DPW BUDGET REQUEST FOR FY 2010-2011**  
(\$ Amounts in Thousands)

Page # of Governor's Executive Budget:  
Pp. A4.13, E32.13, E32.21, I8

**APPROPRIATION:**  
Information Systems

I. SUMMARY FINANCIAL DATA	2008-2009 Available	2009-2010 Available	2010-2011 Budgeted
<b>State Funds</b>	\$55,431	\$56,622	\$58,458
<b>Federal Funds Total</b>	\$97,719	\$117,753	\$101,622
<b>Federal Sources Itemized</b>			
<i>Medical Assistance - Information Systems</i>	\$64,866	\$69,188	\$65,203
<i>Child Welfare - Title IV-E</i>	\$775	\$587	\$1,575
<i>TANFBG - Information Systems</i>	\$9,327	\$9,327	\$9,327
<i>Food Stamps - Information Systems</i>	\$11,344	\$17,597	\$11,949
<i>Child Support Enforcement - Information Systems</i>	\$11,407	\$10,647	\$10,568
<i>ARRA - Food Stamps</i>	\$0	\$3,907	\$3,000
<i>ARRA - Broadband Opportunities</i>	\$0	\$4,000 <sup>(1)</sup>	\$0
<i>ARRA - Early Intervention Data System</i>	\$0	\$2,500	\$0
<b>Other Funds Total</b>	\$4,976	\$4,455	\$270
<b>Other Sources Itemized</b>			
<i>Intergovernmental Transfer - Technology</i>	\$1,057	\$0	\$0
<i>Medical Assistance Data Exchange</i>	\$40	\$20	\$20
<i>DOI COMPASS Support - CHIP &amp; Adult Basic</i>	\$284	\$250	\$250
<i>PDE Early Intervention</i>	\$0	\$300	\$0
<i>Food Stamp Bonus</i>	\$3,595	\$3,885	\$0
<b>Total</b>	\$158,126	\$178,830	\$160,350
<b>IA. REQUESTED SUPPLEMENTALS (Included above)</b>			
<b>State Funds</b>	\$0	\$0	\$0
<b>Federal Funds Total</b>	\$0	\$0	\$0
<b>Total</b>	\$0	\$0	\$0

<sup>(1)</sup> Appropriated as \$32,000,000. Amount shown is the best current estimate of the amount available for 2009-10. Additional funds may be received, therefore no reduction to the appropriation authority is recommended.

DETAIL BY MAJOR OBJECT (\$ Amounts in Thousands)	APPROPRIATION: Information Systems				
	2008-2009 Actual	2009-2010 Available	2010-2011 Budgeted	Change Budgeted vs. Available	Percent Change
<b>PERSONNEL</b>					
<i>State Funds</i>	\$13,599	\$12,523	\$15,058	\$2,535	20.24%
<i>Federal Funds</i>	\$13,934	\$13,600	\$14,251	\$651	4.79%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
<b>Total Personnel</b>	<b>\$27,533</b>	<b>\$26,123</b>	<b>\$29,309</b>	<b>\$3,186</b>	<b>12.20%</b>
<b>OPERATING</b>					
<i>State Funds</i>	\$41,832	\$43,533	\$43,400	(\$133)	-0.31%
<i>Federal Funds</i>	\$81,957	\$91,713	\$84,111	(\$7,602)	-8.29%
<i>Other Funds</i>	\$4,976	\$4,455	\$270	(\$4,185)	-93.94%
<b>Total Operating</b>	<b>\$128,765</b>	<b>\$139,701</b>	<b>\$127,781</b>	<b>(\$11,920)</b>	<b>-8.53%</b>
<b>FIXED ASSETS</b>					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$253	\$253	\$253	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
<b>Total Fixed Assets</b>	<b>\$253</b>	<b>\$253</b>	<b>\$253</b>	<b>\$0</b>	<b>0.00%</b>
<b>GRANT &amp; SUBSIDY</b>					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
<b>Total Grant &amp; Subsidy</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00%</b>
<b>NONEXPENSE</b>					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$1,575	\$1,279	\$1,098	(\$181)	-14.15%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
<b>Total Nonexpense</b>	<b>\$1,575</b>	<b>\$1,279</b>	<b>\$1,098</b>	<b>(\$181)</b>	<b>-14.15%</b>
<b>BUDGETARY RESERVE</b>					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
<b>Total Budgetary Reserve</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00%</b>
<b>UNCOMMITTED</b>					
<i>State Funds</i>	\$0	\$566	\$0	(\$566)	0.00%
<i>Federal Funds</i>	\$0	\$10,908	\$1,909	(\$8,999)	-82.50%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
<b>Total Uncommitted</b>	<b>\$0</b>	<b>\$11,474</b>	<b>\$1,909</b>	<b>(\$9,565)</b>	<b>-83.36%</b>
<b>OTHER</b>					
<i>State Funds</i>	\$0	\$0	\$0	\$0	100.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	100.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	100.00%
<b>Total Other</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>100.00%</b>
<b>TOTAL FUNDS</b>					
<i>State Funds</i>	\$55,431	\$56,622	\$58,458	\$1,836	3.24%
<i>Federal Funds</i>	\$97,719	\$117,753	\$101,622	(\$16,131)	-13.70%
<i>Other Funds</i>	\$4,976	\$4,455	\$270	(\$4,185)	-93.94%
<b>Total Funds</b>	<b>\$158,126</b>	<b>\$178,830</b>	<b>\$160,350</b>	<b>(\$18,480)</b>	<b>-10.33%</b>

<b>APPROPRIATION:</b> Information Systems
--

III. HISTORY OF LAPSES (\$ Amounts in Thousands)	2007-2008	2008-2009	2009-2010 Estimated
State Funds	\$3,266	\$3,082	\$566

IV. COMPLEMENT INFORMATION	12/31/2008	12/31/2009	2010-2011 Budgeted
<b>State/Federally Funded</b>			
<i>Authorized</i>	361	341	336
<i>Filled</i>	313	318	316
<b>Federally Funded</b>			
<i>Authorized</i>	0	0	0
<i>Filled</i>	0	0	0
<b>Other Funded</b>			
<i>Authorized</i>	0	0	0
<i>Filled</i>	0	0	0
<b>Total</b>			
<i>Authorized</i>	361	341	336
<i>Filled</i>	313	318	316

**V. DERIVATION OF REQUEST / LEGISLATIVE CITATIONS / DISBURSEMENT CRITERIA**

**Derivation of Request:**

The Fiscal Year 2010-2011 Governor's Executive Budget provides for an authorized complement of 336 positions. The funding for operating expenses provides for ongoing information technology (IT) support of the Department's benefit delivery systems, network infrastructure, enterprise data warehouse, and the Department's mainframe operations provided by the Commonwealth's Powerhouse Project. In addition, operating funding provides for ongoing operational maintenance and enhancements of specific IT projects, including the Client Information System (CIS) - Medical Eligibility Determination Automation (MEDA) project, the Commonwealth of Pennsylvania Application for Social Services (COMPASS) project, the Home and Community-Based Services Information System (HCSIS) project, the Child Care Management Information System (CCMIS), and Title IV-E systems.

Detail on the appropriation request is outlined in Section IV, entitled "Explanation of Changes" on the following pages.

**Legislative Citations:**

62 P.S. § 101 et seq.; 71 P.S. § 61

**Disbursement Criteria:**

This appropriation funds the data processing services for the Department of Public Welfare. Disbursements are made based on approved positions and established employee benefits, and through invoices submitted for operating expenses and fixed assets incurred in the operation of the program.

EXPLANATION OF CHANGES (\$ Amounts in Thousands)	APPROPRIATION: Information Systems			
	State \$	Federal \$	Other \$	Total \$
<b>PERSONNEL</b>				
1. Reflects the transfer of 14 filled positions from Insurance Department:	\$1,310	\$0	\$0	\$1,310
2. Reflects the transfer of seven filled positions from the Department of Aging:	\$628	\$0	\$0	\$628
3. Reflects the transfer of five filled positions to Department of General Services (DGS) related to transferred printing responsibilities:	(\$176)	(\$194)		(\$370)
4. Increase to maintain current program personnel costs:	\$773	\$845	\$0	\$1,618
<b>Subtotal Personnel</b>	<b>\$2,535</b>	<b>\$651</b>	<b>\$0</b>	<b>\$3,186</b>
<b>OPERATING</b>				
1. Reflects an increase in Datapowerhouse:	\$1,398	\$1,484	\$0	\$2,882
2. Reflects one-time ARRA funding for Broadband Opportunities in Fiscal Year 2009-2010:	\$0	(\$4,000)	\$0	(\$4,000)
3. Decrease reflects change in modification projects within the Client Information System (CIS):	(\$411)	(\$438)	\$0	(\$849)
4. Reflects reduction in available Food Stamp Bonus funds related to the CIS transformation project (CIS to eCIS):	\$0	\$0	(\$3,885)	(\$3,885)
5. Reflects decrease for the Children's Health Insurance Program (CHIP) Reauthorization completed in Fiscal Year 2009-2010:	(\$240)	(\$2,200)	(\$300)	(\$2,740)
6. Reflects a decrease in one-time ARRA funding for Supplemental Nutrition Assistance Program (SNAP)- Administration:	\$0	(\$907)	\$0	(\$907)
7. Reflects transfer of the Office of Medical Assistance Programs information technology costs from County Administration - Statewide:	\$943	\$943	\$0	\$1,886
8. Reflects a decrease in modifications for the Home and Community Services Information System (HCSIS):	(\$770)	(\$3,467)	\$0	(\$4,237)
9. Reflects an increase to support the Child Welfare Information System development:	\$3,270	\$1,086	\$0	\$4,356
10. Reflects the transfer of printing cost budgets due to the consolidation of printing functions under DGS:	(\$303)	\$0	\$0	(\$303)
11. Reflects an increase in Federal participation available for operating:	(\$3,433)	\$3,433	\$0	\$0
12. Reflects a decrease for one-time ARRA funding for the Early Intervention Data Systems:	\$0	(\$2,500)	\$0	(\$2,500)
14. Reflect other changes in operating:	(\$587)	(\$1,217)	\$0	(\$1,804)
<b>Subtotal Operating</b>	<b>(\$133)</b>	<b>(\$7,783)</b>	<b>(\$4,185)</b>	<b>(\$12,101)</b>

**EXPLANATION OF CHANGES**  
(\$ Amounts in Thousands)

**APPROPRIATION:**  
Information Systems

	<u>State \$</u>	<u>Federal \$</u>	<u>Other \$</u>	<u>Total \$</u>
<b>BUDGETARY RESERVE</b>				
1. Reflects a decrease in excess Federal appropriation authority:	\$0	(\$8,999)	\$0	(\$8,999)
2. Reflects a Fiscal Year 2009-2010 budgetary freeze:	(\$566)	\$0	\$0	(\$566)
Subtotal Budgetary Reserve	(\$566)	(\$8,999)	\$0	(\$9,565)
<b>TOTAL</b>	<u>\$1,836</u>	<u>(\$16,131)</u>	<u>(\$4,185)</u>	<u>(\$18,480)</u>

## **INFORMATION SYSTEMS**

### **PROGRAM STATEMENT**

The Department of Public Welfare's (DPW) Information Technology (IT) services are funded through the Information Systems State and Federal appropriations. These appropriations fund the operations of the Bureau of Information Systems (BIS), the Department's centralized IT support organization, and finance IT services in the areas of information resource management strategy and planning; IT research and engineering; Information Systems (IS) development and delivery; IT infrastructure management and operation; IT program and project management; and IS performance management and security. These appropriations also fund IT initiatives for the Department's program, administrative, and staff offices.

BIS provides Department-wide direction and coordination of IT plans, research, engineering, standards, policy, applications development, infrastructure management, customer support, program and project management, technical training, and information resource management. BIS personnel plan, analyze, design, implement, maintain, and operate large, complex, integrated information and office systems in support of all DPW offices. The Department's automated systems provide for the determination of eligibility for benefits; the disbursement of cash, food, and other benefits; and the management of home and community-based services. Most of the Department's information systems are partially funded by the Federal government and must comply with Federal guidelines, laws, and regulations. These systems are critical in providing benefits to approximately 2.5 million eligible recipients in the Commonwealth of Pennsylvania.

In addition, DPW's Bureau of Information Systems now provides IT support and services for the Pennsylvania Insurance Department (PID) and the Department of Aging (PDA). One goal under the current administration of Governor Rendell is to centralize and consolidate the Commonwealth's IT services and processes. DPW-BIS was deemed a "certified service provider" by the Office of Information Technology – meaning that DPW-BIS has the skills, knowledge, and expertise needed to oversee IT services being provided in other Agency IT shops. As a result, in addition to centralizing all IT staff and services from within DPW into BIS, staff and functions from PID and PDA were recently moved into the bureau, making it the primary provider of IT services/support for the Commonwealth's health and human services agencies. The consolidation of IT staff and services will result in the ability to identify and respond to common IT needs, better deploy common IT assets, and eliminate redundant and conflicting policies, processes, and systems.

Following are the information technology initiatives included in the Governor's Executive Budget for Fiscal Year 2010-2011 within the Information Systems appropriation:

### **CLIENT INFORMATION SYSTEM REDESIGN**

The function of the Client Information System (CIS) is to provide automated welfare data processing for Cash Assistance, Medicaid, and Food Stamp recipients. It supports over 6,500 County Assistance Office (CAO) workers statewide, with a total caseload of approximately 2.5 million clients. CIS is a mainframe legacy system which was first implemented in 1978, and has had numerous additions and updates on various generations of technology. The current system is antiquated and requires intense maintenance to deliver essential benefits and services.

In Fiscal Year 2010-2011, the Department will continue the incremental evolution of CIS by continuing to move components of CIS from the Mainframe platform to a new web based system - the web enabled Client Information System (eCIS). The new eCIS is based on up-to-date technology that is user friendly, easily adaptable to change, and cost-effective. The antiquated code will be replaced with web-based code that is compliant with Commonwealth standards. Expensive mainframe processing will be replaced with less expensive server technology. This will result in system changes that can be accomplished in days instead of months and, once completed, will enable the CAOs to efficiently deliver timely, customer-centric, integrated services to Pennsylvania's most vulnerable citizens.

## **HOME AND COMMUNITY-BASED SERVICES INFORMATION SYSTEM**

The Home and Community-Based Services Information System (HCSIS) is a centralized, web-enabled consumer case management system that provides data collection and State-level program management, and functions as the daily operating system for the 49 County Mental Retardation Administrative Entities. Major functional areas within HCSIS include: client management and eligibility determination, supports coordination management, provider management, financial management and claims pricing, quality management, and reports. HCSIS is comprised of seven modules developed and implemented to meet the individualized policy and operational needs of those business units.

Planned HCSIS project activities for Fiscal Year 2010-2011 include: ongoing system maintenance; HCSIS Helpdesk; ongoing support for claims processing activities with PROMISE; new report development; a broad technical upgrade to a new Microsoft operating platform; and additional functionality for the Offices of Mental Health and Substance Abuse Services, Developmental Programs (including Autism Services), Long Term Living, and Child Development and Early Learning. The HCSIS project will build on existing functionality to improve the management and monitoring of the Home and Community Based waiver programs, facilitate consumer involvement, and broaden access to information. The system will also be enhanced for multiple initiatives to support compliance with Centers for Medicare & Medicaid Services (CMS).

## **CHILD WELFARE INFORMATION SYSTEM**

DPW concluded a feasibility study and analysis for the successful design, development, and implementation of an information technology solution to support Pennsylvania's child welfare programs and has now formalized a strategic plan for implementing the component parts for the automated child welfare initiative. One of the first steps in bridging this gap is to provide a centralized, unduplicated repository of individuals. This repository will provide authorized staff with the capability to determine if a person is known to other DPW systems. Other activities slated for 2010-2011 include: development of a data dictionary; planning activities such as validating requirements and development of the General System Design document; beginning the state data center enhancements; and obtaining the services of QA and IVV vendors.

The Department will also seek a contractor to provide professional quality assurance and independent verification and validation services through regular and periodic assessments of the project as it progresses through the system development lifecycle.

## **PA'S ENTERPRISE TO LINK INFORMATION FOR CHILDREN ACROSS NETWORKS**

PA'S Enterprise to Link Information for Children Across Networks (PELICAN) is a single integrated information system that focuses on quality and provides easily accessible information for parents about early learning programs and services. PELICAN provides information on the impact of early learning programs on child based outcomes, allows for efficient licensing and certification of child care providers, and provides Early Intervention program information for children with developmental delays. The integrated system supports Child Care Works (the subsidized child care program), Early Intervention, Early Learning Services, Provider Certification, expansion of on-line information for citizens about quality early learning opportunities and providers of those services and Early Learning Network.

Emphasis will be on expanding Early Learning Network participation during 2010-2011. Efforts are underway to expand its availability to children in the Nurse Family Partnership (NFP), Parent Child Home Program (PCHP), and STAR 2-3-4 providers (Family Day Care and Group Day Care). Currently over 50,000 children are benefiting from participation in this program. It is anticipated that numbers will grow to over 100,000 during 2010-2011.

**DPW BUDGET REQUEST FOR FY 2010-2011**  
(\$ Amounts in Thousands)

Page # of Governor's Executive Budget:  
Pp. A3.6, A4.12, E32.6, E32.9-E32.10,  
E32.25-E32.28, E32.36

**APPROPRIATION:**  
Community Mental Retardation - Base Program  
Services

**I. SUMMARY FINANCIAL DATA**

	<u>2008-2009</u> Actual	<u>2009-2010</u> Available	<u>2010-2011</u> Budgeted
<b>State Funds</b>	\$179,479 <sup>1</sup>	\$156,619	\$168,484
<b>Federal Funds Total</b>	\$61,342	\$66,005	\$65,146
<b>Federal Sources Itemized</b>			
<i>Medical Assistance-Community MR Base Services</i>	\$54,842 <sup>2,3</sup>	\$57,292	\$56,398
<i>ARRA-Medical Assistance-Community MR Services Base</i>	\$0 <sup>3</sup>	\$2,213 <sup>3</sup>	\$2,248 <sup>3</sup>
<i>SSBG-Community MR Services</i>	\$6,500 <sup>4</sup>	\$6,500	\$6,500
<b>Other Funds</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Total</b>	\$240,821	\$222,624	\$233,630

**IA. REQUESTED SUPPLEMENTALS (Included above)**

<b>State Funds</b>	\$0
<b>Federal Funds</b>	\$1,350
<i>Medical Assistance-Community MR Base Services</i>	<u>\$1,350</u>
<b>Total</b>	\$1,350

<sup>1</sup> In Fiscal Year 2008-2009, State funding related to the Community Mental Retardation base program was included in the Community Mental Retardation Services and Pennhurst Dispersal appropriations. Beginning in Fiscal Year 2009-2010, the previous Community Mental Retardation Services appropriation was split into two distinct new appropriations: Community Mental Retardation-Waiver and Community Mental Retardation-Base Program Services. The existing Pennhurst Dispersal appropriation was also similarly split and the funding merged into the two new Community Mental Retardation appropriations. For comparison purposes, the Fiscal Year 2008-2009 actual figures above reflect only the base program-related components of the previous Community Mental Retardation and Pennhurst Dispersal appropriations.

<sup>2</sup> In Fiscal Year 2008-2009, Federal Medical Assistance funding related to the Community Mental Retardation base program was included in the Medical Assistance-Community MR Services appropriation. Beginning in Fiscal Year 2009-2010, that appropriation was split into two distinct new appropriations: Medical Assistance-Community MR Waiver and Medical Assistance-Community MR Base Services. For comparison purposes, the Fiscal Year 2008-2009 actual figures above reflect only the base program-related components of the previous Medical Assistance-Community MR Services appropriation.

<sup>3</sup> In Fiscal Year 2008-2009, Federal Medical Assistance funding associated with the American Recovery and Reinvestment Act (ARRA) of 2009 was included as a subgrant within the existing Medical Assistance appropriation. Beginning in Fiscal Year 2009-2010, ARRA funding has been appropriated separately.

<sup>4</sup> Represents total Social Services Block Grant (SSBG) funding associated with the previous Community Mental Retardation Services appropriation.

II. DETAIL BY MAJOR OBJECT (\$ Amounts in Thousands)	APPROPRIATION: Community Mental Retardation - Base Program Services				
	2008-2009 Actual	2009-2010 Available	2010-2011 Budgeted	Change Budgeted vs. Available	Percent Change
<b>PERSONNEL</b>					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
<b>Total Personnel</b>	\$0	\$0	\$0	\$0	0.00%
<b>OPERATING</b>					
<i>State Funds</i>	\$11,889	\$11,157	\$11,270	\$113	1.01%
<i>Federal Funds</i>	\$13,882	\$14,557	\$14,827	\$270	1.85%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
<b>Total Operating</b>	\$25,771	\$25,714	\$26,097	\$383	1.49%
<b>FIXED ASSETS</b>					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
<b>Total Fixed Assets</b>	\$0	\$0	\$0	\$0	0.00%
<b>GRANT &amp; SUBSIDY</b>					
<i>State Funds</i>	\$161,407	\$143,896	\$157,214	\$13,318	9.26%
<i>Federal Funds</i>	\$47,460	\$50,867	\$50,319	(\$548)	-1.08%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
<b>Total Grant &amp; Subsidy</b>	\$208,867	\$194,763	\$207,533	\$12,770	6.56%
<b>NONEXPENSE</b>					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
<b>Total Nonexpense</b>	\$0	\$0	\$0	\$0	0.00%
<b>BUDGETARY RESERVE</b>					
<i>State Funds</i>	\$6,183	\$1,566	\$0	(\$1,566)	-100.00%
<i>Federal Funds</i>	\$0	\$581	\$0	(\$581)	-100.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
<b>Total Budgetary Reserve</b>	\$6,183	\$2,147	\$0	(\$2,147)	-100.00%
<b>COMMITTED/UNALLOCATED</b>					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
<b>Total Committed/Unallocated</b>	\$0	\$0	\$0	\$0	0.00%
<b>EXCESS FEDERAL</b>					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
<b>Total Excess Federal</b>	\$0	\$0	\$0	\$0	0.00%
<b>TOTAL FUNDS</b>					
<i>State Funds</i>	\$179,479	\$156,619	\$168,484	\$11,865	7.58%
<i>Federal Funds</i>	\$61,342	\$66,005	\$65,146	(\$859)	-1.30%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
<b>Total Funds</b>	\$240,821	\$222,624	\$233,630	\$11,006	4.94%

**APPROPRIATION:**

Community Mental Retardation - Base Program Services

III. HISTORY OF LAPSES (\$ Amounts in Thousands)	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010 Estimated</u>
State Funds	\$0	\$8,689	\$1,566

IV. COMPLEMENT INFORMATION	<u>12/31/2008</u>	<u>12/31/2009</u>	<u>2010-2011 Budgeted</u>
<b>State/Federally Funded</b>			
<i>Authorized</i>	N/A	N/A	N/A
<i>Filled</i>	N/A	N/A	N/A
<b>Federally Funded</b>			
<i>Authorized</i>	N/A	N/A	N/A
<i>Filled</i>	N/A	N/A	N/A
<b>Other Funded</b>			
<i>Authorized</i>	N/A	N/A	N/A
<i>Filled</i>	N/A	N/A	N/A
<b>Total</b>			
<i>Authorized</i>	N/A	N/A	N/A
<i>Filled</i>	N/A	N/A	N/A

**V. DERIVATION OF REQUEST / LEGISLATIVE CITATIONS / DISBURSEMENT CRITERIA****Derivation of Request:**

The Fiscal Year 2010-2011 Governor's Executive Budget provides for maintenance of the current program. Detail on the appropriation request is outlined in Section VI entitled "Explanation of Changes" on subsequent pages.

**Legislative Citations:**

62 P.S. §§ 201, 206; MH/MR Act of 1966, 50 P.S. § 4101 et seq; Title XIX of the Social Security Act, 42 U.S.C. § 1396 et seq; 62 P.S. § 441.1 et seq.

**Disbursement Criteria:**

Disbursements are based on allocations developed by the Office of Developmental Programs. Counties receive quarterly advance payments based on their individual allocations. This process is in accordance with the MH/MR Act of 1966. In addition, providers submit invoices for payment of Medicaid eligible services rendered through the Provider Reimbursement and Operations Management Information System (PROMISe).

**VI. EXPLANATION OF CHANGES**

(\$ Amounts in Thousands)

**APPROPRIATION:**Community Mental Retardation - Base Program  
Services

	<u>State \$</u>	<u>Federal \$</u>	<u>Other \$</u>	<u>Total \$</u>
<b>OPERATING</b>				
1. Provides for an increase in estimated contracts:	<u>\$113</u>	<u>\$270</u>	<u>\$0</u>	<u>\$383</u>
Subtotal Operating	\$113	\$270	\$0	\$383
<b>GRANT &amp; SUBSIDY</b>				
1. Provides for the impact of an increase in the Federal Medical Assistance Percentage (FMAP) rate from 65.85 percent to 66.58 percent, effective effective October 1, 2010:	(\$125)	\$125	\$0	\$0
2. Change in committed/unallocated Federal Medical Assistance funding:	\$0	(\$1,108)	\$0	(\$1,108)
3. Provides for miscellaneous changes to continue the current program:	\$1,453	\$435	\$0	\$1,888
4. To reflect nonrecurring prior year carryover:	<u>\$11,990</u>	<u>\$0</u>	<u>\$0</u>	<u>\$11,990</u>
Subtotal Grant & Subsidy	\$13,318	(\$548)	\$0	\$12,770
<b>BUDGETARY RESERVE</b>				
1. Impact of Fiscal Year 2009-2010 budgetary freeze:	<u>(\$1,566)</u>	<u>(\$581)</u>	<u>\$0</u>	<u>(\$2,147)</u>
Subtotal Budgetary Reserve	<u>(\$1,566)</u>	<u>(\$581)</u>	<u>\$0</u>	<u>(\$2,147)</u>
<b>TOTAL</b>	<u>\$11,865</u>	<u>(\$859)</u>	<u>\$0</u>	<u>\$11,006</u>

## **COMMUNITY MENTAL RETARDATION - BASE PROGRAM SERVICES**

### **PROGRAM STATEMENT**

The Mental Health and Mental Retardation Act of 1966 mandated the availability of community services for citizens with mental retardation and their families. The statute created State and county funds and county administered community programs in Pennsylvania.

In 1966, all services were provided in State institutions which cared for over 13,000 people with mental retardation. By the end of Fiscal Year 2008-2009, there were less than 1,300 people remaining in State facilities while more than 48,000 people received services in the community. This change has followed the national trend to provide community services as an alternative to institutional care. Changes in Federal and State laws, as well as new funding initiatives, have created education programs, family support services, employment training, and home and community-based services for people with disabilities. These trends are built on the recognized values of family relationships and participation in community life.

In Fiscal Year 2009-2010, the existing Community Mental Retardation Services appropriation was split into two distinct new appropriations: Community Mental Retardation – Base Program Services and Community Mental Retardation – Waiver. The existing Pennhurst Dispersal appropriation, which also provides Home and Community Based Services to individuals with Mental Retardation, was also split and the funding merged into the two new Community Mental Retardation appropriations.

Disbursement of funds for this program did not change. The allocation and payment processes that were in place prior to Fiscal Year 2009-2010 for Community Mental Retardation Services have continued for this program.

The Community Mental Retardation – Base Program Services appropriation provides funding for services to individuals of all ages with a mental retardation diagnosis who are not eligible for the Waiver program and to Medicaid eligible individuals not yet enrolled in the Waiver program. Some of the services provided include: supports coordination, family aide, family education training, recreational therapy and recreation/leisure time activities, vocational therapy, dental hygienics, employment training, and home modifications.

In order to assure that people with mental retardation receive the best physical and behavioral health services, there are eight Health Care Quality Units (HCQUs) that together serve all counties in the Commonwealth. The HCQUs serve as the entities responsible to county/joinder mental retardation programs for the overall health status of individuals (Waiver and non-Waiver) receiving services in the county/joinder programs. The physical and behavioral health knowledge and competency of mental retardation providers and supports coordinators, other county personnel, families, consumers, and community medical providers are enhanced through training and technical assistance on topics identified by the HCQUs.

The Independent Monitoring for Quality (IM4Q) process measures the quality of supports and services within the mental retardation system using nationally recognized methods. The IM4Q surveys are administered under contract with individual county/joinder mental retardation programs. As part of the IM4Q process, independent monitoring teams, which are free of conflict of interest, conduct interviews with individuals (Waiver and non-Waiver) receiving services and families, and report back to the county/joinder mental retardation program for purposes of continuous quality improvement. The IM4Q information is entered directly by independent monitoring programs into the Home and Community Services Information System (HCSIS) with assurance that the information remains confidential and secure.

**DPW BUDGET REQUEST FOR FY 2010-2011**  
(\$ Amounts in Thousands)

Page # of Governor's Executive Budget:  
Pp. A3.6, E32.6, E32.10, E32.25-E32.28,  
E32.36

**APPROPRIATION:**  
Community Mental Retardation - Waiver

**I. SUMMARY FINANCIAL DATA**

	<u>2008-2009</u> Actual	<u>2009-2010</u> Available	<u>2010-2011</u> Budgeted
State Funds	\$620,720 <sup>1</sup>	\$622,849 <sup>1</sup>	\$628,567
Federal Funds Total	\$958,597	\$1,085,674	\$1,118,942
Federal Sources Itemized			
Medical Assistance-Community MR Waiver	\$958,597 <sup>2,3</sup>	\$905,894 <sup>2</sup>	\$936,651
ARRA-Medical Assistance-Community MR Waiver	\$0 <sup>3</sup>	\$179,780 <sup>3</sup>	\$182,291 <sup>3</sup>
Other Funds	\$0	\$0	\$0
<b>Total</b>	<b>\$1,579,317</b>	<b>\$1,708,523</b>	<b>\$1,747,509</b>

**IA. REQUESTED SUPPLEMENTALS (Included above)**

State Funds	\$0
Federal Funds	\$0
<b>Total</b>	<b>\$0</b>

<sup>1</sup> In Fiscal Year 2008-2009, State funding related to the Community Mental Retardation base program was included in the Community Mental Retardation Services and Pennhurst Dispersal appropriations. Beginning in Fiscal Year 2009-2010, the previous Community Mental Retardation Services appropriation was split into two distinct new appropriations: Community Mental Retardation-Waiver and Community Mental Retardation-Base Program Services. The existing Pennhurst Dispersal appropriation was also similarly split and the funding merged into the two new Community Mental Retardation appropriations. For comparison purposes, the Fiscal Year 2008-2009 actual figures above reflect only the Waiver-related components of the previous Community Mental Retardation and Pennhurst Dispersal appropriations.

<sup>2</sup> In Fiscal Year 2008-2009, Federal Medical Assistance funding related to the Community Mental Retardation Waiver programs was included in the Medical Assistance-Community MR Services appropriation. Beginning in Fiscal Year 2009-2010, that appropriation was split into two distinct new appropriations: Medical Assistance-Community MR Waiver and Medical Assistance-Community MR Base Services. For comparison purposes, the Fiscal Year 2008-2009 actual figures above reflect only the Waiver-related components of the previous Medical Assistance-Community MR Services appropriation.

<sup>3</sup> In Fiscal Year 2008-2009, Federal Medical Assistance funding associated with the American Recovery and Reinvestment Act (ARRA) of 2009 was included as a subgrant within the existing Medical Assistance appropriation. Beginning in Fiscal Year 2009-2010, ARRA funding has been appropriated separately.

II. DETAIL BY MAJOR OBJECT (\$ Amounts in Thousands)		APPROPRIATION: Community Mental Retardation - Waiver			
	2008-2009 Actual	2009-2010 Available	2010-2011 Budgeted	Change Budgeted vs. Available	Percent Change
<b>PERSONNEL</b>					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
<b>Total Personnel</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00%</b>
<b>OPERATING</b>					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
<b>Total Operating</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00%</b>
<b>FIXED ASSETS</b>					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
<b>Total Fixed Assets</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00%</b>
<b>GRANT &amp; SUBSIDY</b>					
<i>State Funds</i>	\$613,985	\$622,849	\$628,567	\$5,718	0.92%
<i>Federal Funds</i>	\$936,579	\$1,070,660	\$1,103,942	\$33,282	3.11%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
<b>Total Grant &amp; Subsidy</b>	<b>\$1,550,564</b>	<b>\$1,693,509</b>	<b>\$1,732,509</b>	<b>\$39,000</b>	<b>2.30%</b>
<b>NONEXPENSE</b>					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
<b>Total Nonexpense</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00%</b>
<b>BUDGETARY RESERVE</b>					
<i>State Funds</i>	\$6,659	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$5,995	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
<b>Total Budgetary Reserve</b>	<b>\$12,654</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00%</b>
<b>COMMITTED/UNALLOCATED</b>					
<i>State Funds</i>	\$76	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$15,973	\$15,014	\$15,000	(\$14)	-0.09%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
<b>Total Committed/Unallocated</b>	<b>\$16,049</b>	<b>\$15,014</b>	<b>\$15,000</b>	<b>(\$14)</b>	<b>-0.09%</b>
<b>EXCESS FEDERAL</b>					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$50	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
<b>Total Excess Federal</b>	<b>\$50</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00%</b>
<b>TOTAL FUNDS</b>					
<i>State Funds</i>	\$620,720	\$622,849	\$628,567	\$5,718	0.92%
<i>Federal Funds</i>	\$958,597	\$1,085,674	\$1,118,942	\$33,268	3.06%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
<b>Total Funds</b>	<b>\$1,579,317</b>	<b>\$1,708,523</b>	<b>\$1,747,509</b>	<b>\$38,986</b>	<b>2.28%</b>

**APPROPRIATION:**

Community Mental Retardation - Waiver

III. HISTORY OF LAPSES (\$ Amounts in Thousands)	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010 Estimated</u>
State Funds	\$0	\$0	\$0

IV. COMPLEMENT INFORMATION	<u>12/31/2008</u>	<u>12/31/2009</u>	<u>2010-2011 Budgeted</u>
<b>State/Federally Funded</b>			
<i>Authorized</i>	N/A	N/A	N/A
<i>Filled</i>	N/A	N/A	N/A
<b>Federally Funded</b>			
<i>Authorized</i>	N/A	N/A	N/A
<i>Filled</i>	N/A	N/A	N/A
<b>Other Funded</b>			
<i>Authorized</i>	N/A	N/A	N/A
<i>Filled</i>	N/A	N/A	N/A
<b>Total</b>			
<i>Authorized</i>	N/A	N/A	N/A
<i>Filled</i>	N/A	N/A	N/A

**V. DERIVATION OF REQUEST / LEGISLATIVE CITATIONS / DISBURSEMENT CRITERIA****Derivation of Request:**

The Fiscal Year 2010-2011 Governor's Executive Budget provides for maintenance of the current program, including the annualization of the Fiscal Year 2009-2010 initiative entitled "Expanded Community Mental Retardation Services." It also provides for the Fiscal Year 2010-2011 conversion of beds from the Private ICF/MR program to the Consolidated Waiver program; the community placement of 13 individuals transferred from the Mental Health Services program; a Fiscal Year 2010-2011 Initiative entitled "Expanded Community Mental Retardation Services"; and a Fiscal Year 2010-2011 cost containment initiative. Detail on the appropriation request is outlined in Section VI entitled "Explanation of Changes" on subsequent pages.

**Legislative Citations:**

62 P.S. §§ 201, 206; Title XIX of the Social Security Act, 42 U.S.C. § 1396 et seq; 62 P.S. § 441.1 et seq.

**Disbursement Criteria:**

Disbursements are based on invoices for Waiver services rendered that providers submit for payment through the Provider Reimbursement and Operations Management Information System (PROMISE).

**VI. EXPLANATION OF CHANGES**  
 (\$ Amounts in Thousands)

**APPROPRIATION:**  
 Community Mental Retardation - Waiver

	<u>State \$</u>	<u>Federal \$</u>	<u>Other \$</u>	<u>Total \$</u>
<b>GRANT &amp; SUBSIDY</b>				
1. Provides for the carryforward and annualization of the Fiscal Year 2009-2010 "Expanded Community Mental Retardation Services" initiative:				
A. Community residential services for 106 individuals on county waiting lists:	\$4,424	\$6,028	\$0	\$10,452
B. Residential services for 107 individuals in special categories:	\$4,495	\$6,125	\$0	\$10,620
C. Daytime activities for 500 special education graduates:	\$1,818	\$3,505	\$0	\$5,323
D. Services for 80 individuals with mental retardation who will turn 21 years of age and will no longer be eligible for services under the Medical Assistance EPSDT program:	\$1,845	\$3,556	\$0	\$5,401
E. Changing needs of individuals enrolled in the Consolidated Waiver:	\$4,190	\$6,910	\$0	\$11,100
Subtotal	\$16,772	\$26,124	\$0	\$42,896
2. Provides for the Fiscal Year 2008-2009 conversion of five beds from the Private ICF/MR program to the Consolidated Waiver program:	\$227	\$448	\$0	\$675
3. Provides for the carryforward and annualization of the Fiscal Year 2009-2010 conversion of 37 beds from the Private ICF/MR program to the Consolidated Waiver program:	\$386	\$550	\$0	\$936
4. Provides for the Fiscal Year 2010-2011 conversion of 26 beds from the Private ICF/MR program to the Consolidated Waiver program:	\$790	\$1,323	\$0	\$2,113
5. Provides for the Fiscal Year 2010-2011 transfer of 13 individuals from the Mental Health Services program to the Waiver program:	\$1,794	\$3,184	\$0	\$4,978
6. Provides for the impact of an increase in the Federal Medical Assistance Percentage (FMAP) rate from 65.85 percent to 66.58 percent, effective October 1, 2010:	(\$10,168)	\$10,168	\$0	\$0
Subtotal Grant & Subsidy	\$9,801	\$41,797	\$0	\$51,598

**VI. EXPLANATION OF CHANGES**  
 (\$ Amounts in Thousands)

**APPROPRIATION:**  
 Community Mental Retardation - Waiver

	<u>State \$</u>	<u>Federal \$</u>	<u>Other \$</u>	<u>Total \$</u>
<b>INITIATIVES</b>				
<b>GRANT &amp; SUBSIDY:</b>				
1. Initiative - Expanded Community Mental Retardation Services				
A. Provides five-month funding of community residential services for 50 individuals on county waiting lists:	\$1,765	\$2,131	\$0	\$3,896
B. Provides five-month funding for daytime activities for 100 special education graduates:	<u>\$254</u>	<u>\$506</u>	<u>\$0</u>	<u>\$760</u>
Subtotal	\$2,019	\$2,637	\$0	\$4,656
2. Initiative - Cost Containment	<u>(\$6,102)</u>	<u>(\$11,152)</u>	<u>\$0</u>	<u>(\$17,254)</u>
Subtotal Grant & Subsidy	<u>(\$4,083)</u>	<u>(\$8,515)</u>	<u>\$0</u>	<u>(\$7,942)</u>
Subtotal Initiatives	(\$4,083)	(\$8,515)	\$0	(\$7,942)
<b>COMMITTED/UNALLOCATED</b>				
1. Change in committed/unallocated Federal Medical Assistance funding:	<u>\$0</u>	<u>(\$14)</u>	<u>\$0</u>	<u>(\$14)</u>
Subtotal Committed/Unallocated	<u>\$0</u>	<u>(\$14)</u>	<u>\$0</u>	<u>(\$14)</u>
<b>TOTAL</b>	<u><u>\$5,718</u></u>	<u><u>\$33,268</u></u>	<u><u>\$0</u></u>	<u><u>\$38,986</u></u>

## **COMMUNITY MENTAL RETARDATION - WAIVER**

### **PROGRAM STATEMENT**

The Mental Health and Mental Retardation Act of 1966 mandated the availability of community services for citizens with mental retardation and their families. The statute created State and county funded and county administered community programs in Pennsylvania.

The Secretary of the United States Department of Health and Human Services is authorized under Section 1915(c) of the Social Security Act to waive certain Medicaid statutory requirements. These waivers allow Pennsylvania to provide home and community-based services for individuals with a mental retardation diagnosis as an alternative to institutional care.

The first mental retardation Home and Community-Based Services Waiver in Pennsylvania began in the Philadelphia area in 1983. This was followed by two additional Waivers that covered other areas of the state. In 1987, the three earlier Waivers were combined into the statewide Consolidated Waiver. The Person/Family Directed Supports Waiver began in 1999.

In Fiscal Year 2009-2010, the existing Community Mental Retardation Services appropriation was split into two distinct new appropriations: Community Mental Retardation – Base Program Services and Community Mental Retardation – Waiver. The existing Pennhurst Dispersal appropriation, which also provides home and community-based services to individuals with mental retardation, was also split and the funding merged into the two new Community Mental Retardation appropriations.

Beginning July 1, 2009, payments for services provided to individuals enrolled in the Waiver program are made directly from the State Treasury to providers based on established fee-for-service rates utilizing the Provider Reimbursement and Operations Management Information System (PROMISe).

The Community Mental Retardation - Waiver Program provides funding for Consolidated Waiver and Person/Family Directed Supports Waiver enrolled individuals age three and older who would otherwise require the level of care provided in an intermediate care facility for persons with mental retardation. Some of the eligible services provided include: habilitation (residential, day, prevocational, and supported employment), respite, transportation, environmental accessibility adaptations, homemaker/chore, adaptive appliances and equipment, specialized therapies (physical, occupational, speech, hearing, language, visual/mobility, and behavioral), nursing services, and supports coordination.

Residential services include community residential programs provided in licensed homes for three or four people and supports to individuals renting or owning their own homes. Family living is an option available to people who want to live as part of another family. In family living, one or two people receive services in a licensed family home of an unrelated adult.

In 1966, all services were provided in State institutions which cared for over 13,000 people with mental retardation. By the end of Fiscal Year 2008-2009, there were less than 1,300 people remaining in State facilities while more than 48,000 people received services in the community. This change has followed the national trend to provide community services as an alternative to institutional care. Changes in Federal and State laws, as well as new funding initiatives, have created education programs, family support services, employment training, and home and community-based services for people with disabilities. These trends are built on the recognized values of family relationships and participation in community life.

In 1996, the Planning Advisory Committee (PAC) to the then Office of Mental Retardation, now the Office of Developmental Programs (ODP), convened a work group to develop a plan for the mental retardation service system. The Multi-Year Plan, published in July 1997, presented eight recommendations to expand and improve the quality of services, allow individuals with disabilities and families to have more control over the services they receive, and to realign existing resources to address

unmet needs. Again in 1999, the ODP PAC convened a work group which included a significant number of consumers and family members to develop a plan to address the needs of people waiting for services.

Based on a study of the waiting list, commissioned by the ODP and conducted by Temple University's Institute on Disabilities, the PAC published a Long Term Plan to Address the Waiting List for Mental Retardation Services. The plan included eight recommendations to expand services, establish an on-going process to review and respond to the waiting list, conduct outreach activities, and allow consumers and families to have more control over what services and supports they receive.

### **INITIATIVE - EXPANDED COMMUNITY MENTAL RETARDATION SERVICES**

The Governor's Executive Budget for Fiscal Year 2010-2011 provides a total of \$4.656 million (\$2.019 million in State funds) in this program associated with an initiative entitled "Expanded Community Mental Retardation Services." This initiative includes funding to serve 150 individuals in home and community-based settings in an effort to expand community services and limit the size of the waiting list in the future.

This initiative provides five month funding to serve 50 people who are currently in the emergency category of the waiting list for the Consolidated Waiver program. A total of \$3.896 million (\$1.765 million in State funds) is included for the provision of community residential services to these individuals who would otherwise typically be served in a State Center for the Mentally Retarded.

It also provides five month funding totaling \$0.760 million (\$0.254 million in State funds) to provide daytime enrichment activities for 100 special education graduates to enable them to retain the valuable skills learned in school and thereby reduce the potential for more expensive, lengthy services over time as well as assist in their transition from school to work.

**Pharmaceutical Assistance Fund  
Financial Statement  
FY 2010-11 Governor's Executive Budget**

	<b>2008-09 Actual</b>	<b>2009-10 Available</b>	<b>2010-11 Budget</b>	<b>2011-12 Estimate</b>	<b>2012-13 Estimate</b>	<b>2013-14 Estimate</b>	<b>2014-15 Estimate</b>
Beginning Balance	\$ 70,370	\$ 99,103	\$ 76,581	\$ 52,249	\$ 25,097	\$ 29,211	\$ 28,382
<b>Receipts:</b>							
Transfer from Lottery Fund	\$ 254,500	\$ 210,000	\$ 200,000	\$ 205,000	\$ 250,000	\$ 260,000	\$ 270,000
Transfer from Tobacco Fund	\$ 28,492	\$ 31,420	\$ 26,367	\$ 26,512	\$ 26,519	\$ 26,526	\$ 26,534
Interest	(4,681)	1,000	1,000	1,000	1,000	1,000	\$ 1,000
Retire & Replacement Cks	5	5	5	5	5	5	5
Chronic Renal Disease	5,214	4,100	3,856	3,856	3,856	3,856	3,856
Special Pharmaceuticals	41,621	52,824	56,654	56,654	56,654	56,654	56,654
State Workers Insurance Fund	969	920	920	920	920	920	920
L-CAP Program	0	0	0	0	0	0	0
Total receipts	<u>326,120</u>	<u>300,269</u>	<u>288,802</u>	<u>293,947</u>	<u>338,954</u>	<u>348,961</u>	<u>358,969</u>
Total Funds Available	\$ 396,490	\$ 399,372	\$ 365,383	\$ 346,196	\$ 364,051	\$ 378,172	\$ 387,351
<b>Expenditures:</b>							
<b>Current exec auth</b>							
Comprehensive Program	\$ 99,478	\$ 104,135	\$ 102,624	\$ 100,793	\$ 101,020	\$ 101,377	\$ 100,452
PACENET Program	117,561	125,477	127,043	136,839	150,353	164,946	178,133
Contracted services	<u>\$ 217,039</u>	<u>\$ 229,612</u>	<u>\$ 229,667</u>	<u>\$ 237,632</u>	<u>\$ 251,373</u>	<u>\$ 266,323</u>	<u>\$ 278,585</u>
Administration	18,268	22,158	22,032	22,032	22,032	22,032	22,032
Comptroller	0	0	0	0	0	0	0
Treasury	0	5	5	5	5	5	5
Vouchers Payable in Transit							
<b>Prior exec auth</b>							
Contracted services	12,470	9,406	0	0	0	0	0
Administration	1,806	3,766	0	0	0	0	0
Comptroller	0	0	0	0	0	0	0
Treasury							
<b>Restricted receipts</b>							
Payroll deductions	0	0	0	0	0	0	0
<b>Restricted revenue</b>							
Chronic Renal Disease	5,214	4,100	3,856	3,856	3,856	3,856	3,856
Special Pharmaceutical	41,621	52,824	56,654	56,654	56,654	56,654	56,654
State Workers Insurance Fund	969	920	920	920	920	920	920
L-CAP Program	0	0	0	0	0	0	0
<b>Reserve</b>							
Chronic Renal Disease	0	0	0	0	0	0	0
Special Pharmaceutical	0	0	0	0	0	0	0
Total expenditures	<u>297,387</u>	<u>322,791</u>	<u>313,134</u>	<u>321,099</u>	<u>334,840</u>	<u>349,790</u>	<u>362,052</u>
Ending Balance	<u>\$ 99,103</u>	<u>\$ 76,581</u>	<u>\$ 52,249</u>	<u>\$ 25,097</u>	<u>\$ 29,211</u>	<u>\$ 28,382</u>	<u>\$ 25,299</u>

This is a cash basis financial statement and does not tie to the Statement of Cash Receipts and Disbursements.

**Pharmaceutical Assistance Fund  
2010-11 Budget**

	PACE 2008-09	PACENET 2008-09	TOTAL 2008-09	PACE 2009-10	PACENET 2009-10	TOTAL 2009-10	PACE 2010-11	PACENET 2010-11	TOTAL 2010-11
Cardholders	143,914	169,671	313,585	134,714	178,433	313,147	130,673	189,139	319,812
% Change	-12.88%	12.72%		-6.39%	5.16%		-3.00%	6.00%	
Script cost	\$23.09	\$42.50		\$24.10	\$39.18		\$24.72	\$40.11	
Disp. Fee	\$4.00	\$4.00		\$4.00	\$4.00		\$4.00	\$4.00	
Copay	\$7.50	\$12.20		\$7.50	\$12.20		\$7.50	\$12.20	
Net cost	\$19.59	\$34.30		\$20.60	\$30.98		\$21.22	\$31.91	
% Change	-11.96%	3.94%		5.16%	-9.68%		3.01%	3.00%	
Scripts/person	46.0	27.6		46.5	27.6		47.0	27.6	
	1.10%	-14.67%		1.09%	0.15%		1.08%	0.00%	
Total Drug Cost	\$129,687	\$160,391	\$290,078	\$129,043	\$152,569	\$281,611	\$130,325	\$166,578	\$296,903
Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Current Program Cost	129,687	160,391	290,078	129,043	152,569	281,611	130,325	166,578	296,903
Medicare Part D - premiums	\$27,391	\$0	\$27,391	\$22,045	\$6,903	\$29,948	\$20,478	\$7,625	\$28,102
Third Party Recovery	(\$21,645)	\$0	(\$21,645)	(\$17,506)	\$0	(\$17,506)	(\$10,000)	\$0	(\$10,000)
Rebates	(\$28,131)	(\$34,791)	(\$62,922)	(\$28,425)	(\$33,995)	(\$62,420)	(\$28,601)	(\$35,877)	(\$64,478)
Rebates - National Pooling	\$0	\$0	\$0	\$0	\$0	\$0	(\$6,518)	(\$8,332)	(\$14,850)
Compression of Med Part D Donuthole	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,038)	(\$2,951)	(\$4,989)
Miscellaneous	(\$1,021)	\$0	(\$1,021)	(\$1,021)	\$0	(\$1,021)	(\$1,021)	\$0	(\$1,021)
Total Recoupments	(\$23,406)	(\$34,791)	(\$58,197)	(\$24,907)	(\$27,092)	(\$51,999)	(\$27,701)	(\$39,534)	(\$67,236)
Total(000's)	\$106,281	\$125,600	\$231,881	\$104,135	\$125,477	\$229,612	\$102,624	\$127,043	\$229,667
Medicare Part D - non-LIS	\$27,391	\$0	\$27,391	\$22,045	\$6,903	\$28,948	\$20,478	\$7,625	\$28,102

**Pharmaceutical Assistance Fund  
2010-11 Budget**

	PACE 2011-12	PACENET 2011-12	TOTAL 2011-12	PACE 2012-13	PACENET 2012-13	TOTAL 2012-13
Cardholders	124,139	200,487	<b>324,626</b>	117,932	212,517	<b>330,449</b>
% Change	-5.00%	6.00%		-5.00%	6.00%	
Script cost	\$25.36	\$41.07		\$26.02	\$42.06	
Disp. Fee	\$4.00	\$4.00		\$4.00	\$4.00	
Copay	\$7.50	\$12.20		\$7.50	\$12.20	
Net cost	<b>\$21.86</b>	<b>\$32.87</b>		<b>\$22.52</b>	<b>\$33.86</b>	
% Change	3.02%	3.01%		3.02%	3.01%	
Scripts/person	47.5	27.6		48.0	27.6	
	1.06%	0.00%		1.05%	0.00%	
Total Drug Cost	\$128,900	\$181,885	<b>\$310,784</b>	\$127,480	\$198,604	<b>\$326,084</b>
Administration	\$0	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
Current Program Cost	<b>128,900</b>	<b>181,885</b>	<b>310,784</b>	<b>127,480</b>	<b>198,604</b>	<b>326,084</b>
Medicare Part D - premiums	\$21,624	\$9,019	<b>\$30,643</b>	\$22,835	\$10,474	<b>\$33,310</b>
Third Party Recovery	(\$10,000)	\$0	<b>(\$10,000)</b>	(\$10,000)	\$0	<b>(\$10,000)</b>
Rebates	(\$28,436)	(\$39,173)	<b>(\$67,609)</b>	(\$28,124)	(\$42,773)	<b>(\$70,897)</b>
Rebates - National Pooling	(\$8,337)	(\$11,764)	<b>(\$20,101)</b>	(\$8,310)	(\$12,638)	<b>(\$20,948)</b>
Compression of Med Part D Donuthole	(\$1,937)	(\$3,128)	<b>(\$5,064)</b>	(\$1,840)	(\$3,315)	<b>(\$5,155)</b>
Miscellaneous	(\$1,021)	\$0	<b>(\$1,021)</b>	(\$1,021)	\$0	<b>(\$1,021)</b>
Total Recoupments	<b>(\$28,107)</b>	<b>(\$45,046)</b>	<b>(\$73,152)</b>	<b>(\$26,460)</b>	<b>(\$48,252)</b>	<b>(\$74,711)</b>
Total(000's)	\$100,793	\$136,839	<b>\$237,632</b>	\$101,020	\$150,353	<b>\$251,373</b>
Medicare Part D - non-LIS	\$21,624	\$9,019	<b>\$30,643</b>	\$22,835	\$10,474	<b>\$33,310</b>

**Pharmaceutical Assistance Fund  
2010-11 Budget**

	PACE 2013-14	PACENET 2013-14	TOTAL 2013-14	PACE 2014-15	PACENET 2014-15	TOTAL 2014-15
Cardholders	112,035	225,268	337,303	106,434	238,784	345,217
% Change	-5.00%	6.00%		-5.00%	6.00%	
Script cost	\$26.70	\$43.08		\$27.40	\$44.13	
Disp. Fee	\$4.00	\$4.00		\$4.00	\$4.00	
Copay	\$7.50	\$12.20		\$7.50	\$12.20	
Net cost	\$23.20	\$34.88		\$23.90	\$35.93	
% Change	3.02%	3.01%		3.02%	3.01%	
Scripts/person	48.5	27.6		49.0	27.6	
	1.04%	0.00%		1.03%	0.00%	
Total Drug Cost	\$126,062	\$216,862	\$342,925	\$124,644	\$236,794	\$361,438
Administration	\$0	\$0	\$0	\$0	\$0	\$0
Current Program Cost	126,062	216,862	342,925	124,644	236,794	361,438
Medicare Part D - premiums	\$24,114	\$12,102	\$36,216	\$24,114	\$11,130	\$35,244
Third Party Recovery	(\$10,000)	\$0	(\$10,000)	(\$10,000)	\$0	(\$10,000)
Rebates	(\$27,812)	(\$46,706)	(\$74,518)	(\$27,500)	(\$50,998)	(\$78,498)
Rebates - National Pooling	(\$8,218)	(\$13,799)	(\$22,017)	(\$8,125)	(\$15,068)	(\$23,193)
Compression of Med Part D Donuthole	(\$1,748)	(\$3,514)	(\$5,262)	(\$1,660)	(\$3,725)	(\$5,385)
Miscellaneous	(\$1,021)	\$0	(\$1,021)	(\$1,021)	\$0	(\$1,021)
Total Recoupments	(\$24,685)	(\$51,917)	(\$76,602)	(\$24,193)	(\$58,661)	(\$82,853)
Total(000's)	\$101,377	\$164,946	\$266,323	\$100,452	\$178,133	\$278,585
Medicare Part D - non-LIS	\$24,114	\$12,102	\$36,216	\$24,114	\$11,130	\$35,244

