

Administrative Circular

Commonwealth of Pennsylvania
Governor's Office

16-02
Number

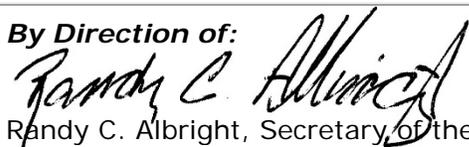
Subject:

2016-17 Budget Hearing Materials

Date:

January 19, 2016

By Direction of:



Randy C. Albright, Secretary of the Budget

Expiration Date:

January 19, 2017

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 2016-17 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 10 days before an agency's scheduled hearing. 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 **48** 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 8, 2016**.

5. In addition to the paper copies due prior to the hearings; provide by **March 8, 2016**, a list of contracts and grants in excess of \$5,000 in Excel format that allows the user to search and sort by categories and groupings.
6. The requirement 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*, and the intended use of these funds (see Item 3(c)).
7. The requirement to provide an aggregate calculation of benefit costs as a percentage of salary costs for the actual, available and budget years (see item 3(i)).

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 2016-17 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.

One additional copy of all hearing materials, plus one set 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 2016-17 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 12, 2016

Honorable Randy Albright
Secretary of the Budget
238 Main Capitol Building
Harrisburg, PA 17120

Dear Secretary Albright:

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.

We understand that each cabinet officer or official asked to appear before the Appropriations Committees is subject to many demands on their time. We ask you to understand that the same is true for the members of the House and Senate Appropriations Committees and to make every effort to ensure that your cabinet members are available to testify on the date and time designated in the House and Senate appropriations hearing schedules. Deviation from the established schedule has a ripple effect which makes the coordination of hearing times extremely difficult.

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 8, 2016. Forty-eight (48) 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. Each agency head must also submit an electronic copy of the agency's budget request to each committee.

- (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 2014-15 obligations (including dollar amounts) rolled forward to FY 2015-16; and any FY 2015-16 obligations (including dollar amounts) proposed to be rolled forward to FY 2016-17.
- (c) Identify the amount of any prior-year appropriations waived pursuant to Act 146 of 1980 and Management Directive 310.3 and the intended use of those funds.
- (d) Identify any appropriations for which a FY 2015-16 supplemental appropriation is needed. Please provide a dollar amount and date when the current appropriation will be exhausted.
- (e) If funds have been placed in budgetary reserve for FY 2015-16, please indicate if these funds have been restored in FY 2016-17 and provide an explanation/justification for the restoration.
- (f) Identify cost savings, including GO TIME initiatives, which are 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 and include the potential to impact the Commonwealth's fiscal position along with a brief description of each case.
- (i) For each appropriation with complement, provide an aggregate calculation of benefit costs as a percentage of salary costs for the actual, available and budget years.

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 2013-14 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 2016-17 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 2014-15, 2015-16 and 2016-17. In addition, for fiscal year 2016-17 each agency should provide detail on the qualifying activities that may be funded with federal block grants and justify the activities it is proposing to fund with the 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 2014-15 fiscal year, the 2015-16 fiscal year to date, anticipated contracts for the remaining portion of the 2015-16 fiscal year, and where possible a list of anticipated contracts for fiscal year 2016-17. Additionally by March 8th, provide contract and grant lists in electronic form in 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 should 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 9, 2016. 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 8, 2016.

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.

Secretary Albright

January 12, 2016

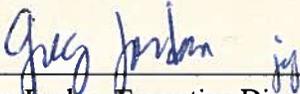
Page 4

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.

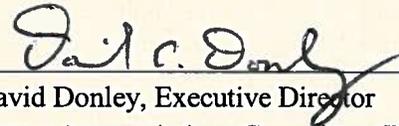
Since much of the information requested relates to appropriation decisions for the coming fiscal year, all requests for information made by committee members or staff during a hearing must be supplied to the committee chairman no later than five working days following the agency's hearing.

In those exceptional cases when an agency believes it cannot comply with a particular request within the allotted time period, a letter justifying the need for additional time (including an alternate delivery date) must be supplied to the committee chairman during the initial five working day period.

Sincerely,



Greg Jordan, Executive Director
Senate Appropriations Committee (R)



David Donley, Executive Director
House Appropriations Committee (R)



Mark Mekilo, Executive Director
Senate Appropriations Committee (D)



Miriam A. Fox, Executive Director
House Appropriations Committee (D)

*Attachment: Format for Financial Statements – PACE Fund Example
Format for Justification Department of Public Welfare Example
Format for Contract and Grant Lists

**Pharmaceutical Assistance Fund
Financial Statement
FY 2013-14 Budget**

	2011-12 Actual	2012-13 Available	2013-14 Budget	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Beginning Balance	\$ 54,123	\$ 95,811	\$ 79,074	\$ 66,925	\$ 51,453	\$ 31,668	\$ 16,976
Receipts:							
Transfer from Lottery Fund	\$ 200,000	\$ 190,000	\$ 190,000	\$ 190,000	\$ 190,000	\$ 200,000	\$ 215,000
Transfer from Tobacco Fund	24,790	25,282	24,847	24,847	24,847	24,847	24,847
Interest	736	610	610	516	396	243	133
Retire & Replacement Cks	0	0	0	0	0	0	0
Chronic Renal Disease	4,820	5,498	5,507	5,507	5,507	5,507	5,507
Special Pharmaceuticals	54,665	69,323	69,435	69,435	69,435	69,435	69,435
State Workers Insurance Fund	0	0	0	0	0	0	0
Auto Cat Claims Processing	911	950	950	950	950	950	950
Wrkrs Comp Claims Processing	3,325	3,260	3,260	3,260	3,260	3,260	3,260
L-CAP Program	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Total receipts	289,277	294,923	294,609	294,515	294,395	304,242	319,132
Total Funds Available	\$ 343,400	\$ 390,734	\$ 373,683	\$ 381,441	\$ 345,847	\$ 335,910	\$ 336,108
Expenditures:							
Current exec auth							
Comprehensive Program	\$ 47,061	\$ 73,925	\$ 71,718	\$ 69,068	\$ 66,696	\$ 64,593	\$ 62,760
PACENET Program	94,992	125,520	131,120	136,973	143,095	149,498	156,196
Contracted services	\$ 142,141	\$ 199,445	\$ 202,838	\$ 206,041	\$ 209,791	\$ 214,091	\$ 218,956
Administration	23,968	23,453	23,968	23,995	24,438	24,891	25,230
Prior exec auth							
Contracted services	11,354	6,887	0	0	0	0	0
Administration	1,789	2,244	0	0	0	0	0
Restricted revenue							
Chronic Renal Disease	5,005	5,498	5,507	5,507	5,507	5,507	5,507
Special Pharmaceutical	58,959	69,323	69,435	69,435	69,435	69,435	69,435
State Workers Insurance Fund	0	0	0	0	0	0	0
Auto Cat Claims Processing	897	950	950	950	950	950	950
Wrkrs Comp Claims Processing	3,308	3,260	3,260	3,260	3,260	3,260	3,260
AG Settlements/L-CAP Program	168	800	800	800	800	800	800
Total expenditures	247,589	311,660	306,758	309,888	314,179	318,934	324,138
Ending Balance	\$ 95,811	\$ 79,074	\$ 66,925	\$ 51,453	\$ 31,668	\$ 16,976	\$ 11,970

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

Pharmaceutical Assistance Fund
2013-14 Budget

	PACE 2011-12	PACENET 2011-12	TOTAL 2011-12	PACE 2012-13	PACENET 2012-13	TOTAL 2012-13	PACE 2013-14	PACENET 2013-14	TOTAL 2013-14
Cardholders	116,140	181,997	298,137	109,172	187,457	296,629	102,621	183,081	295,702
% Change	-7.17%	-0.27%		-6.00%	3.00%		-6.00%	3.00%	
Cost Per Claim	\$20.42	\$20.78		\$20.70	\$20.70		\$20.93	\$20.90	
% Change	-16.06%	-26.61%		1.38%	-0.36%		1.13%	0.95%	
Scripts/person	35.04	33.60		35.90	34.23		35.9	34.3	
	0.69%	3.32%		2.44%	1.87%		0.07%	0.20%	
Total Drug Cost	\$85,258	\$127,168	\$212,426	\$81,120	\$132,838	\$213,957	\$77,171	\$138,391	\$215,562
Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Current Program Cost	\$85,258	\$127,168	\$212,426	\$81,120	\$132,838	\$213,957	\$77,171	\$138,391	\$215,562
Medicare Part D - premiums	\$17,139	\$15,918	\$33,057	\$16,493	\$15,095	\$31,588	\$17,568	\$16,079	\$33,647
Third Party Recovery	(\$28,544)	\$0	(\$28,544)	(\$10,000)	\$0	(\$10,000)	(\$10,000)	\$0	(\$10,000)
Rebates	(\$16,806)	(\$27,194)	(\$43,900)	(\$13,687)	(\$22,413)	(\$36,101)	(\$13,021)	(\$23,350)	(\$36,371)
Other	(\$22,659)	\$0	(\$22,659)	\$0	\$0	\$0	\$0	\$0	\$0
Total Recoupments	(\$50,670)	(\$11,276)	(\$61,946)	(\$7,194)	(\$7,318)	(\$14,513)	(\$5,453)	(\$7,271)	(\$12,724)
Total(000's)	\$34,588	\$115,892	\$150,480	\$73,925	\$125,519	\$199,445	\$71,718	\$131,120	\$202,838
Medicare Part D - non-LIS	\$17,139	\$15,918	\$33,057	\$16,493	\$15,095	\$31,588	\$17,568	\$16,079	\$33,647

Pharmaceutical Assistance Fund
2013-14 Budget

	PACE 2014-15	PACENET 2014-15	TOTAL 2014-15	PACE 2015-16	PACENET 2015-16	TOTAL 2015-16	PACE 2016-17	PACENET 2016-17	TOTAL 2016-17	PACE 2017-18	PACENET 2017-18	TOTAL 2017-18
Cardholders	95,498	198,873	294,311	88,757	204,940	293,597	92,544	210,985	293,529.11	76,766	217,314	294,080.56
% Change	-7.00%	3.00%		-7.00%	3.00%		-7.00%	3.00%		-7.00%	3.00%	
Cost Per Claim	\$21.16	\$21.10		\$21.39	\$21.30		\$21.61	\$21.50		\$21.82	\$21.70	
% Change	1.10%	0.95%		1.07%	0.95%		1.03%	0.95%		0.99%	0.95%	
Scripts/person	35.95	34.36		36.0	34.4		36.0	34.5		36.0	34.6	
	0.07%	0.20%		0.07%	0.20%		0.07%	0.20%		0.07%	0.20%	
Total Drug Cost	\$72,613	\$144,179	\$216,792	\$68,301	\$150,210	\$218,511	\$64,219	\$156,490	\$220,709	\$60,360	\$163,034	\$223,394
Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Current Program Cost	72,613	144,179	216,792	68,301	150,210	218,511	64,219	156,490	220,709	60,360	163,034	223,394
Medicare Part D - premiums	\$18,707	\$17,121	\$35,828	\$19,919	\$18,230	\$38,149	\$21,210	\$19,412	\$40,622	\$22,585	\$20,670	\$43,255
Third Party Recovery	(\$10,000)	\$0	(\$10,000)	(\$10,000)	\$0	(\$10,000)	(\$10,000)	\$0	(\$10,000)	(\$10,000)	\$0	(\$10,000)
Rebates	(\$12,252)	(\$24,327)	(\$36,579)	(\$11,524)	(\$25,345)	(\$36,869)	(\$10,836)	(\$26,404)	(\$37,240)	(\$10,184)	(\$27,508)	(\$37,693)
Other	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
Total Recoupments	(\$3,545)	(\$7,206)	(\$10,751)	(\$1,805)	(\$7,115)	(\$8,720)	\$374	(\$6,992)	(\$8,618)	\$2,400	(\$6,839)	(\$4,439)
Total(000's)	\$69,068	\$136,973	\$206,041	\$66,686	\$143,095	\$209,791	\$64,593	\$149,498	\$214,091	\$62,780	\$156,195	\$218,956
Medicare Part D - non-LIS	\$18,707	\$17,121	\$35,828	\$19,919	\$18,230	\$38,149	\$21,210	\$19,412	\$40,622	\$22,585	\$20,670	\$43,255

DPW BUDGET REQUEST FOR FY 2013-2014
(\$ Amounts in Thousands)

Page # of Governor's Executive Budget:
Pp. A3.8, A3.10-12, E37.3, E37.11, E37.13

APPROPRIATION:
General Government Operations

I. SUMMARY FINANCIAL DATA

	2011-2012 Actual	2012-2013 Available	2013-2014 Budgeted
State Funds	\$59,294	\$60,518	\$67,381
Federal Funds Total	\$72,090	\$77,011	\$73,781
Federal Sources Itemized			
<i>Child Welfare Services-Administration</i>	\$1,045	\$1,039	\$1,039
<i>Child Welfare-Title IV-E-Administration</i>	\$5,021	\$5,389	\$5,390
<i>Disabled Education-Administration</i>	\$598	\$582	\$700
<i>Medical Assistance-Administration</i>	\$22,931	\$28,925	\$27,580
<i>TANF/BG-Administration</i>	\$4,980	\$4,411	\$4,411
<i>SSBG-Administration</i>	\$3,841	\$3,841	\$3,841
<i>Food Stamps-Administration</i>	\$5,168	\$8,153	\$8,620
<i>Medical Assistance Infrastructure</i>	\$4,187	\$4,187	\$0
<i>Refugees and Persons Seeking Asylum-Administration</i>	\$1,552	\$1,674	\$1,796
<i>Development Disabilities-Basic Support</i>	\$4,028	\$4,058	\$4,058
<i>MHS/BG-Administration</i>	\$273	\$273	\$278
<i>CCDF/BG-Administration</i>	\$13,383	\$14,189	\$14,189
<i>Community Based Family Resource and Support</i>	\$689	\$689	\$689
<i>ARRA - Early Learning Council</i>	\$1,851	\$1,468	\$0
<i>ARRA - Early Headstart</i>	\$1,355	\$0	\$0
<i>Early Headstart Expansion</i>	\$987	\$1,489	\$1,489
<i>Mass Care Planning</i>	\$205	\$0	\$0
<i>MCHS/BG-Administration</i>	\$208	\$634	\$74
Other Funds Total	\$6,148	\$5,971	\$6,000
Other Fund Sources Itemized			
<i>Training Reimbursements</i>	\$457	\$457	\$457
<i>Child Abuse Reviews</i>	\$5,239	\$5,304	\$5,304
<i>Miscellaneous Reimbursements</i>	\$312	\$60	\$44
<i>Adam Walsh Clearance</i>	\$140	\$150	\$185
Total	\$137,532	\$143,500	\$147,142

¹ Reflects a recommended appropriation reduction of \$0.638 million from the \$81.158 million provided in Act 9A of 2012.

II. DETAIL BY MAJOR OBJECT
(\$ Amounts in Thousands)

APPROPRIATION:
General Government Operations

SUMMARY (General Government Operations, Direct Federal Grants and Restricted Revenue)

	2011-2012 Actual	2012-2013 Available	2013-2014 Budgeted	Change Budgeted vs. Available	Percent Change
PERSONNEL					
State Funds	\$46,592	\$46,696	\$52,635	\$5,939	12.72%
Federal Funds	\$41,931	\$45,757	\$48,422	\$3,665	8.01%
Other Funds	\$5,838	\$5,661	\$5,690	\$29	0.51%
Total Personnel	\$94,361	\$98,114	\$107,747	\$9,633	9.82%
OPERATING					
State Funds	\$12,107	\$12,548	\$14,051	\$1,503	11.98%
Federal Funds	\$19,833	\$21,025	\$19,180	(\$1,835)	-8.73%
Other Funds	\$310	\$310	\$310	\$0	0.00%
Total Operating	\$32,250	\$33,883	\$33,541	(\$332)	-0.98%
FIXED ASSETS					
State Funds	\$50	\$50	\$50	\$0	0.00%
Federal Funds	\$10	\$10	\$10	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Fixed Assets	\$60	\$60	\$60	\$0	0.00%
GRANT & SUBSIDY					
State Funds	\$545	\$591	\$645	\$54	9.14%
Federal Funds	\$8,585	\$7,748	\$5,139	(\$2,608)	-32.57%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Grant & Subsidy	\$9,110	\$8,339	\$5,784	(\$2,555)	-30.64%
NONEXPENSE					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Nonexpense	\$0	\$0	\$0	\$0	0.00%
BUDGETARY RESERVE					
State Funds	\$0	\$633	\$0	(\$633)	-100.00%
Federal Funds	\$1,761	\$2,471	\$0	(\$2,471)	-100.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Budgetary Reserve	\$1,761	\$3,104	\$0	(\$3,104)	-100.00%
UNCOMMITTED					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Uncommitted	\$0	\$0	\$0	\$0	0.00%
OTHER					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Other	\$0	\$0	\$0	\$0	0.00%
TOTAL FUNDS					
State Funds	\$59,294	\$60,518	\$67,391	\$6,883	11.34%
Federal Funds	\$72,090	\$77,011	\$73,781	(\$3,230)	-4.22%
Other Funds	\$6,148	\$5,971	\$6,000	\$29	0.49%
Total Funds	\$137,532	\$143,500	\$147,142	\$3,642	2.54%

II. DETAIL BY MAJOR OBJECT
(\$ Amounts in Thousands)

APPROPRIATION:
General Government Operations

General Government Operations (Excludes Direct Federal Grants and Restricted Revenue)

	2011-2012 Actual	2012-2013 Available	2013-2014 Budgeted	Change Budgeted vs. Available	Percent Change
PERSONNEL					
State Funds	\$48,582	\$48,898	\$52,835	\$5,939	12.72%
Federal Funds	\$34,885	\$38,576	\$41,807	\$3,231	8.38%
Other Funds	\$5,838	\$5,881	\$5,890	\$29	0.51%
Total Personnel	\$87,295	\$90,933	\$100,132	\$9,189	10.12%
OPERATING					
State Funds	\$12,107	\$12,548	\$14,051	\$1,503	11.98%
Federal Funds	\$7,831	\$8,074	\$9,562	\$1,488	18.43%
Other Funds	\$310	\$310	\$310	\$0	0.00%
Total Operating	\$20,248	\$20,932	\$23,923	\$2,991	14.29%
FIXED ASSETS					
State Funds	\$50	\$50	\$50	\$0	0.00%
Federal Funds	\$10	\$10	\$10	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Fixed Assets	\$60	\$60	\$60	\$0	0.00%
GRANT & SUBSIDY					
State Funds	\$645	\$591	\$645	\$54	9.14%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Grant & Subsidy	\$645	\$591	\$645	\$54	9.14%
NONEXPENSE					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Nonexpense	\$0	\$0	\$0	\$0	0.00%
BUDGETARY RESERVE					
State Funds	\$0	\$833	\$0	(\$833)	-100.00%
Federal Funds	\$764	\$1,877	\$0	(\$1,877)	-100.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Budgetary Reserve	\$764	\$2,510	\$0	(\$2,510)	-100.00%
UNCOMMITTED					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Uncommitted	\$0	\$0	\$0	\$0	0.00%
OTHER *					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Other	\$0	\$0	\$0	\$0	0.00%
TOTAL FUNDS					
State Funds	\$59,294	\$60,518	\$67,381	\$8,863	11.34%
Federal Funds	\$43,470	\$48,537	\$51,379	\$2,842	5.88%
Other Funds	\$8,148	\$5,971	\$8,000	\$29	0.49%
Total Funds	\$108,912	\$115,026	\$124,760	\$9,734	8.46%

II. DETAIL BY MAJOR OBJECT
(\$ Amounts in Thousands)

APPROPRIATION:
General Government Operations

Direct Federal Grants and Restricted Revenue (Excludes General Government Operations)

	2011-2012 Actual	2012-2013 Available	2013-2014 Budgeted	Change Budgeted vs. Available	Percent Change
PERSONNEL					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$7,066	\$7,181	\$7,815	\$434	6.04%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Personnel	\$7,066	\$7,181	\$7,815	\$434	6.04%
OPERATING					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$12,002	\$12,951	\$9,628	(\$3,323)	-25.66%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Operating	\$12,002	\$12,951	\$9,628	(\$3,323)	-25.66%
FIXED ASSETS					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Fixed Assets	\$0	\$0	\$0	\$0	0.00%
GRANT & SUBSIDY					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$8,565	\$7,748	\$5,139	(\$2,609)	-33.67%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Grant & Subsidy	\$8,565	\$7,748	\$5,139	(\$2,609)	-33.67%
NONEXPENSE					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Nonexpense	\$0	\$0	\$0	\$0	0.00%
BUDGETARY RESERVE					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$887	\$594	\$0	(\$594)	-100.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Budgetary Reserve	\$887	\$594	\$0	(\$594)	-100.00%
UNCOMMITTED					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Uncommitted	\$0	\$0	\$0	\$0	0.00%
OTHER					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Other	\$0	\$0	\$0	\$0	0.00%
TOTAL FUNDS					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$28,620	\$28,474	\$22,382	(\$6,082)	-21.39%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Funds	\$28,620	\$28,474	\$22,382	(\$6,082)	-21.39%

APPROPRIATION:
General Government Operations

III. HISTORY OF LAPSES (\$ Amounts in Thousands)	2010-2011	2011-2012	2012-2013 Estimated
State Funds	\$7,584	\$1,483	\$0

IV. COMPLEMENT INFORMATION	12/31/2011	12/31/2012	2013-2014 Budgeted
State/Federally Funded			
<i>Authorized</i>	1,088	1,058	1,058
<i>Filled</i>	1,023	1,012	1,033
Federally Funded			
<i>Authorized</i>	80	80	80
<i>Filled</i>	85	87	88
Other Funded			
<i>Authorized</i>	0	0	0
<i>Filled</i>	0	0	0
Total			
<i>Authorized</i>	1,168	1,148	1,148
<i>Filled</i>	1,108	1,099	1,119

V. DERIVATION OF REQUEST / LEGISLATIVE CITATIONS / DISBURSEMENT CRITERIA

Derivation of Request:

The Fiscal Year 2013-2014 Governor's Executive Budget authorizes 1,148 positions, unchanged from Fiscal Year 2012-2013.

Legislative Citations:

Title 62 P.S. § 101; Title 71 P.S. § 81

Disbursement Criteria:

This appropriation funds the administrative structure for all programs in the Department of Public Welfare. Supported functions include formulation of policies, planning, monitoring, analysis and evaluation of programs. Disbursements are made based on approved positions and established employee benefits and through invoices for operating expenses and fixed assets.

VI. EXPLANATION OF CHANGES (\$ Amounts in Thousands)	APPROPRIATION: General Government Operations			
	State \$	Federal \$	Other \$	Total \$
PERSONNEL				
1. Provides for an increase in the total cost of employee benefits, primarily due to an increase in the health benefit and retirement contribution rates:	\$4,136	\$1,252	\$0	\$5,388
2. Reflects the net impact of changes in number of filled salary positions, change in vacant and leave without pay positions, average bi-weekly, funded pay periods and other personnel costs from Fiscal Year 2012-2013:	\$533	(\$74)	\$0	\$459
3. Provides for a 0.50 percent General Salary Increase (GSI) effective July 1, 2013 and a 0.50 percent GSI, effective January 1, 2014, for both union-represented employees and management (without benefits):	\$294	\$205	\$0	\$499
4. Provides for the impact of a salary adjustment factor (without benefits) of 3.287 percent which includes the annualized cost of an April 1, 2013 step increase and the part-year costs of an April 1, 2014 step increase:	\$1,102	\$772	\$0	\$1,874
5. Impact on salaries for management employees transitioning from a 37.5 to 40 hour work week (including benefits):	\$886	\$891	\$0	\$1,777
6. Reflects a reduction in retirement benefit costs based on the Governor's Pension Reform proposal:	(\$411)	(\$287)	\$0	(\$698)
7. Reflects changes in the Federal earnings rate:	(\$672)	\$672	\$0	\$0
8. Reflects increase in augmentation revenue:	(\$29)	\$0	\$29	\$0
Subtotal Personnel	\$5,939	\$3,231	\$29	\$9,199
OPERATING				
1. Reflects increases in Consultant expense and Specialized Services expense associated with the annualization of the Adult Protective Services initiative:	\$2,197	\$923	\$0	\$3,020
2. Reflects changes in the federal earnings rate:	(\$678)	\$678	\$0	\$0
3. Net change in other operating costs:	(\$10)	(\$11)	\$0	(\$29)
Subtotal Operating	\$1,503	\$1,488	\$0	\$2,991
GRANT & SUBSIDY				
1. Reflects increase in Guardianship Act payments to Counties for legal expenses associated with mandatory data collection:	\$50	\$0	\$0	\$50
2. Reflects increase in Money Follows the Person quality of life survey expenditures:	\$4	\$0	\$0	\$4
Subtotal Grant & Subsidy	\$54	\$0	\$0	\$54

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

APPROPRIATION:
General Government Operations

BUDGETARY RESERVE

1. Reflects non-recurring Fiscal Year 2012-2013 State Budgetary reserve:
2. Reflects excess Federal spending authority in Fiscal Year 2012-2013 in Medical Assistance and Disabled Education Administration:

Subtotal Budgetary Reserve

Subtotal General Government Operations

	<u>State \$</u>	<u>Federal \$</u>	<u>Other \$</u>	<u>Total \$</u>
	(\$633)	\$0	\$0	(\$633)
	<u>\$0</u>	<u>(\$1,877)</u>	<u>\$0</u>	<u>(\$1,877)</u>
	(\$633)	(\$1,877)	\$0	(\$2,510)
	<u>\$1,883</u>	<u>\$2,842</u>	<u>\$28</u>	<u>\$4,753</u>

VI. EXPLANATION OF CHANGES (Continued) (\$ Amounts in Thousands)		APPROPRIATION: General Government Operations			
		State \$	Federal \$	Other \$	Total \$
DIRECT FEDERAL GRANTS					
PERSONNEL					
1.	Medical Assistance Infrastructure - provides for the expiration of the grant on December 31, 2012:	\$0	(\$88)	\$0	(\$88)
2.	Provides for an increase in personnel expense associated with the Refugees and Persons Seeking Asylum-Administration grant:	\$0	\$174	\$0	\$174
3.	Provides for an increase in personnel expense associated with the Developmental Disabilities Basic Support-Administration grant:	\$0	\$138	\$0	\$138
4.	Provides for an increase in personnel expense associated with the Mental Health Services Block Grant-Administration:	\$0	\$12	\$0	\$12
5.	Provides for an increase in personnel expense associated with the Child Care Development Fund Block Grant-Administration:	\$0	\$414	\$0	\$414
6.	ARRA-Early Learning Council - reflects the expiration of the grant in Fiscal Year 2012-2013:	\$0	(\$70)	\$0	(\$70)
7.	Maternal, Infant and Early Childhood Home Visiting Program - reflects reduction in wage expense in Fiscal Year 2013-2014:	\$0	(\$185)	\$0	(\$185)
Subtotal Personnel		\$0	\$434	\$0	\$434
OPERATING					
1.	Medical Assistance Infrastructure - provides for the expiration of the grant on December 31, 2012:	\$0	(\$2,297)	\$0	(\$2,297)
2.	Refugees and Persons Seeking Asylum - provides for a reduction in operating expense in Fiscal Year 2013-2014:	\$0	(\$33)	\$0	(\$33)
3.	Developmental Disabilities Basic Support - provides for a reduction in operating expense in Fiscal Year 2013-2014:	\$0	(\$25)	\$0	(\$25)
4.	Mental Health Services Block Grant - provides for a reduction in operating expense in Fiscal Year 2013-2014:	\$0	(\$8)	\$0	(\$8)
5.	Child Care Development Fund Block Grant - provides for an increase in operating expense in Fiscal Year 2013-2014:	\$0	\$74	\$0	\$74
6.	ARRA-Early Learning Council - reflects the expiration of the grant in Fiscal Year 2012-2013:	\$0	(\$838)	\$0	(\$838)
7.	Maternal, Infant and Early Childhood Home Visiting Program - provides for a reduction in operating expense in Fiscal Year 2013-2014:	\$0	(\$385)	\$0	(\$385)
Subtotal Operating		\$0	(\$3,323)	\$0	(\$3,323)

VI. EXPLANATION OF CHANGES (Continued) (\$ Amounts in Thousands)		APPROPRIATION: General Government Operations			
		State \$	Federal \$	Other \$	Total \$
DIRECT FEDERAL GRANTS					
GRANT & SUBSIDY					
1.	Medical Assistance Infrastructure - provides for the expiration of the grant on December 31, 2012:	\$0	(\$1,821)	\$0	(\$1,821)
2.	Developmental Disabilities Basic Support - provides for a reduction in grant expense in Fiscal Year 2013-2014:	\$0	(\$28)	\$0	(\$28)
3.	ARRA-Early Learning Council - reflects the expiration of the grant in Fiscal Year 2012-2013:	\$0	(\$788)	\$0	(\$788)
Subtotal Grant & Subsidy		\$0	(\$2,609)	\$0	(\$2,609)
BUDGETARY RESERVE					
1.	Refugees and Persons Seeking Asylum - reflects excess of Federal spending authority in Fiscal Year 2012-2013:	\$0	(\$19)	\$0	(\$19)
2.	Developmental Disabilities Basic Support - reflects excess of Federal spending authority in Fiscal Year 2012-2013:	\$0	(\$57)	\$0	(\$57)
3.	Child Care Development Fund Block Grant - reflects excess Federal spending authority in Fiscal Year 2011-2012:	\$0	(\$488)	\$0	(\$488)
Subtotal Budgetary Reserve		\$0	(\$594)	\$0	(\$594)
Subtotal Direct Federal Grants		\$0	(\$6,082)	\$0	(\$6,082)
GRAND TOTAL		<u>\$6,863</u>	<u>(\$3,250)</u>	<u>\$20</u>	<u>\$3,642</u>

DETAIL OF DIRECT FEDERAL GRANTS

(\$ Amounts in Thousands)

	2011-2012	2012-2013	2013-2014
	Actual	Available	Budgeted
Direct Federal Grants			
Medical Assistance Infrastructure	\$4,187	\$4,187	\$0
Refugees and Persons Seeking Asylum-Administration	\$1,882	\$1,874	\$1,798
Development Disabilities-Basic Support	\$4,028	\$4,058	\$4,058
MH-SBG-Administration-Direct	\$175	\$175	\$178
CCDFBG-Administration	\$13,383	\$14,189	\$14,189
Community Based Family Resource and Support	\$689	\$689	\$689
ARRA - Early Learning Council	\$1,851	\$1,488	\$0
ARRA - Early Head Start	\$1,365	\$0	\$0
Early Headstart Expansion	\$987	\$1,400	\$1,400
Mass Care Planning	\$205	\$0	\$0
MCH - Admin	\$208	\$634	\$74
Direct Federal Funds Total	\$28,620	\$28,474	\$22,382

SUMMARY OF DIRECT FEDERAL GRANTS

(\$ Amounts in Thousands)

	2012-2013	2013-2014	Increase/ (Decrease)	Percent Change
Personnel	\$7,181	\$7,615	\$434	6.04%
Operating	\$12,951	\$9,628	(\$3,323)	(25.66%)
Fixed Assets	\$0	\$0	\$0	-
Grants & Subsidies	\$7,748	\$5,139	(\$2,609)	(33.57%)
Other	\$0	\$0	\$0	0.00%
Excess Federal Authority	\$884	\$0	(\$884)	(100.00%)
Total	\$28,474	\$22,382	(\$6,092)	(21.39%)

Direct Federal grants are appropriated for specific Federally funded projects. The data shown above represents the total of Direct Federal appropriations associated with the General Government Appropriation.

GENERAL GOVERNMENT OPERATIONS

PROGRAM STATEMENT

The General Government Operations (GGO) appropriation provides funding for the administrative and overhead systems that support the operation of programs in the Department of Public Welfare (DPW). The appropriation provides an administrative structure for setting policy, planning and administration of direct services, State-operated facilities, services provided under contract, grants to counties, subsidies and vendor reimbursement. The responsibilities of the offices funded in GGO include: formulation of policies; overall direction of programs; planning and coordination among program areas; monitoring of programs; analysis of information; evaluation of programs; administrative support; and the licensure of providers.

The Department has nine programs within GGO. Listed below is a brief description of each office.

OFFICE OF THE SECRETARY

The Office of the Secretary directs and supervises the overall administration of DPW and establishes broad policy and management direction for all programs including: Mental Health and Substance Abuse Services; Developmental Programs; Children, Youth and Families; Child Development and Early Learning; Income Maintenance; Medical Assistance; and Administration. In addition, the Office of the Secretary provides supervision and direction over the following functions: Policy Development; Performance Management; Communications; Legislative Affairs; Legal Counsel; and Budget.

OFFICE OF CHILDREN, YOUTH AND FAMILIES

The Deputy Secretary for Children, Youth and Families is responsible for establishing policies and standards for services to children and their families throughout the Commonwealth. The Office issues regulations governing foster care and adoption services, group homes, institutions, part-day services and 67 county children and youth agencies. This Office also directly operates State facilities for delinquent youth.

OFFICE OF INCOME MAINTENANCE

The Deputy Secretary for Income Maintenance develops policy and regulations which support Cash Assistance, Supplemental Nutrition Assistance Program and Energy Assistance programs. In addition, this office establishes Medical Assistance eligibility, supervises statewide child support collection and manages the operations of 96 local county assistance offices.

OFFICE OF MEDICAL ASSISTANCE PROGRAMS

The Deputy Secretary for Medical Assistance (MA) programs assures that comprehensive medical and medically related services are reimbursed for low income elderly and disabled recipients, low income children and their families. The Office develops regulations governing provider participation in the MA program and monitors providers for compliance with these rules.

OFFICE OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES

The Deputy Secretary for Mental Health and Substance Abuse Services directs the operation of six State mental hospitals and one Restoration Center and supervises mental health services for county programs. Treatment of the mentally ill is provided through a range of programs including: community residential rehabilitation and support services; intensive case management; emergency outpatient and partial hospitalization programs; and short and long-term inpatient treatment.

OFFICE OF DEVELOPMENTAL PROGRAMS

The Deputy Secretary for Developmental Programs is responsible for directing the activities of the statewide developmental disabilities system which includes State Centers, private Intermediate Care Facilities, community services for people with intellectual disabilities and community autism services. The Office of Developmental Programs plans and develops programs, regulations, policies, standards and guidelines, and competency based training for the Statewide developmental disabilities system. The Office administers Federal Medicaid program requirements and ensures compliance with Federal and State regulations and policies.

OFFICE OF ADMINISTRATION

The Deputy Secretary for Administration administers support functions that include human resource services, equal opportunity, hearings and appeals, financial operations, information systems and various administrative services, including: client services; licensing; procurement; and guardianship programs. The Bureau of Human Services Licensing directs the licensing and regulatory enforcement of over 8,000 licensed settings including child residential facilities, personal care homes, assisted living residences, and settings for persons with intellectual disabilities. The Bureau of Program Integrity manages two Federally mandated functions: detecting and deterring fraud, abuse and waste in the MA program; and identification and enforcement of third party liability and coordination of benefits activities through cost avoidance and post payment recoveries so that MA is the payer of last resort.

OFFICE OF CHILD DEVELOPMENT AND EARLY LEARNING

The Deputy Secretary for Child Development and Early Learning promotes opportunities for all Pennsylvania children and families by building systems and providing supports that help ensure access to high quality early care and educational services. The goal of the Office is to create the opportunity for all of the Commonwealth's youngest children to benefit from strong early childhood programs and to create an approach that unifies and recognizes the important contributions of all of the necessary partners including: parents, schools, child care, Early Intervention, Head Start, libraries, and community organizations.

OFFICE OF LONG TERM LIVING

The Deputy Secretary of the Office of Long -Term Living is responsible for administration of a full continuum of services for the elderly and persons with disabilities in the Commonwealth, ranging from institutional care to independent living at home with the support of community services. The Office works to integrate management of the Commonwealth's long-term living system.

DIRECT FEDERAL APPROPRIATIONS

Developmental Disabilities - Basic Support

This grant provides Federal funds to support programs designed to engage in advocacy, capacity building and systemic change activities that are consistent with the purpose of the Developmental Disabilities Act. The grant provides for a comprehensive system of community services, individualized supports and other forms of assistance that enable individuals with developmental disabilities to be productive, integrated and included in all facets of community life.

Community Based Family Resource and Support -- Administration

This appropriation supports community based, prevention focused programs eligible for funding under the Federal Community Based Child Abuse Prevention grant. This grant is designed to strengthen and support leadership of parents in the following: planning; implementation and evaluation of programs; peer

review processes; innovative funding mechanisms at the State or community level; services for families with children with disabilities; and involvement of a diverse representation of families in the design and operation of each program.

Child Care Development Fund Block Grant – Administration

This grant provides funding to support early care and educational services. Personnel funding in Fiscal Year 2013-2014 provides for 57 staff to support licensing and monitoring activities within the child care program, primarily through the Pennsylvania Enterprise to Link Information for Children Across Networks (PELICAN) system. The PELICAN system supports the operation of the Child Care program to meet the demands of serving over 220,000 children and over 20,000 child care providers.

Refugees and Persons Seeking Asylum – Administration

This appropriation provides funding for the administrative costs associated with assisting refugees who resettle throughout the Commonwealth. Funding in Fiscal Year 2013-2014 provides for 21 staff and operational costs.

Community Mental Health Services Block Grant (MHSBG) – Administration

This grant funds two Mental Health Program Specialist positions which function as Behavioral Health Service planners for the Office of Mental Health and Substance Abuse Services. The grant funds the development and coordination of all State planning requirements mandated by the Community MHSBG. One position provides staff support for the State Planning Council, and has lead responsibility for continuing development of the Annual Behavioral Health State plan. The block grant regulations require all grant funded services to be tied to the goals of the State plan. The second position serves as the lead staff for designing, developing and coordinating various behavioral health evidence-based practices (EBP). The EBP refers to the use of behavioral health interventions for which research has provided evidence of significant effectiveness of treatment for specific problems.

Early Headstart Expansion Program

This grant provides funding for the Office of Child Development and Early Learning to provide 128 Early Head Start slots through Center-based and Home-based service delivery options to pregnant women and infants and toddlers from low income families.

Maternal, Infant and Early Childhood Home Visiting Program

This grant funds wage positions within the Office of Child Development and Early Learning to support development of a coordinated system of early childhood home visiting that has the capacity and commitment to provide infrastructure and supports to assure high-quality, evidence-based practices to improve outcomes for families who reside in high risk communities.

DPW BUDGET REQUEST FOR FY 2013-2014
(\$ Amounts in Thousands)

Page # of Governor's Executive Budget:
Pp. C1.7, D34, E37.5, E37.14, E37.15, E37.17,
E37.20, E37.24, E37.30

APPROPRIATION:
Medical Assistance - Capitation

I. SUMMARY FINANCIAL DATA

	2011-2012 Actual	2012-2013 Available	2013-2014 Budgeted
State Funds	\$3,301,109	\$3,622,809	\$3,630,192
Federal Funds Total	\$5,210,807	\$5,458,298	\$5,692,991
Federal Sources Itemized			
Medical Assistance-Capitation	\$5,210,745	\$5,458,287	\$5,692,991
Asthma Control Program	\$62	\$11	\$0
Other Funds Total	\$833,329	\$912,204	\$1,049,409
Other Fund Sources Itemized			
Managed Care Assessment	\$70	\$0	\$0
Medicaid Managed Care Gross Receipt Tax	\$842,798	\$868,798	\$784,112
Statewide Quality Care Assessment	\$190,426	\$243,408	\$298,297
Center for Health Care Strategies	\$26	\$0	\$0
Total	\$9,348,238	\$9,991,311	\$10,672,592

IA. REQUESTED SUPPLEMENTALS (Included above)

State Funds	(\$157,865)
Total	(\$157,865)

* Includes a recommended appropriation reduction of \$157.865 million. Appropriation Act 9-A of 2012 provided \$3,780.674 million for this program in Fiscal Year 2012-2013.

II. DETAIL BY MAJOR OBJECT (\$ Amounts in Thousands)		APPROPRIATION: Medical Assistance - Capitation			
		2011-2012 Actual	2012-2013 Available	2013-2014 Budgeted	Change Budgeted vs. Available
PERSONNEL					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Personnel	\$0	\$0	\$0	\$0	0.00%
OPERATING					
State Funds	\$17,071	\$20,413	\$20,132	(\$281)	-1.38%
Federal Funds	\$16,918	\$24,164	\$25,688	\$1,534	6.36%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Operating	\$33,889	\$44,567	\$45,820	\$1,263	2.81%
FIXED ASSETS					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Fixed Assets	\$0	\$0	\$0	\$0	0.00%
GRANT & SUBSIDY					
State Funds	\$3,284,038	\$3,602,396	\$3,810,060	\$207,664	5.76%
Federal Funds	\$5,193,989	\$5,235,821	\$5,867,303	\$431,482	8.24%
Other Funds	\$833,320	\$912,204	\$1,049,409	\$137,205	15.04%
Total Grant & Subsidy	\$9,311,347	\$9,750,421	\$10,526,772	\$776,351	7.96%
NONEXPENSE					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Nonexpense	\$0	\$0	\$0	\$0	0.00%
BUDGETARY RESERVE					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$196,323	\$0	(\$196,323)	-100.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Budgetary Reserve	\$0	\$196,323	\$0	(\$196,323)	-100.00%
UNCOMMITTED					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Uncommitted	\$0	\$0	\$0	\$0	0.00%
OTHER					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Other	\$0	\$0	\$0	\$0	0.00%
TOTAL FUNDS					
State Funds	\$3,301,109	\$3,622,809	\$3,830,192	\$207,383	5.72%
Federal Funds	\$5,210,807	\$5,456,298	\$5,682,991	\$236,693	4.34%
Other Funds	\$833,320	\$912,204	\$1,049,409	\$137,205	15.04%
Total Funds	\$9,345,236	\$9,991,311	\$10,572,582	\$581,281	6.82%

APPROPRIATION:
Medical Assistance - Capitation

III. HISTORY OF LAPSES (\$ Amounts in Thousands)	2010-2011	2011-2012	2012-2013 Estimated
State Funds	\$243	\$259	\$0

IV. COMPLEMENT INFORMATION	12/31/2011	12/31/2012	2013-2014 Budgeted
State/Federally Funded			
<i>Authorized</i>	N/A	N/A	N/A
<i>Filled</i>	N/A	N/A	N/A
Federally Funded			
<i>Authorized</i>	N/A	N/A	N/A
<i>Filled</i>	N/A	N/A	N/A
Other Funded			
<i>Authorized</i>	N/A	N/A	N/A
<i>Filled</i>	N/A	N/A	N/A
Total			
<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:
 Funding projections are derived from actuarial forecasting models developed on the basis of persons estimated to be eligible for Medical Assistance by recipient aid category and monthly managed care per capita rates adjusted to reflect inflation and/or technical adjustments to reimbursements. Estimates also include impacts of changes in program policies, cash flow adjustments and contracts.

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

Legislative Citations:
 62 P.S. § 443.5

Disbursement Criteria:
 The capitation managed care organization (MCO) must be a Medical Assistance Program contractor; the recipient of the services must be deemed eligible for Medical Assistance benefits, and must be enrolled in the capitation MCO; the billed monthly premium must be in accordance with the negotiated rate. Payments are disbursed upon successful completion of pre-payment reviews and availability of funding.

VI. EXPLANATION OF CHANGES (\$ Amounts in Thousands)	APPROPRIATION: Medical Assistance - Capitation			
	State \$	Federal \$	Other \$	Total \$
OPERATING				
1. Provides for an increase in the enrollment assistance program contract:	\$288	\$242	\$0	\$530
2. Provides for a decrease in the contract with HP Enterprise Services for the maintenance and operation of the PROMISE claims processing system:	(\$18)	(\$324)	\$0	(\$342)
3. Impact of the decrease in contracted legal services:	(\$173)	\$0	\$0	(\$173)
4. Impact of the expiration of the Innovations Project contract:	(\$813)	\$0	\$0	(\$813)
5. Provides for an increase in contracted clinical consultant services:	\$0	\$100	\$0	\$100
6. Provides for an increase in contracts related to the annualization of statewide expansion of the HealthChoices mandatory managed care program:	\$565	\$616	\$0	\$1,181
7. Impact of the decrease in the contract for hospital cost report audits:	(\$100)	(\$100)	\$0	(\$200)
8. Provides for the new Adult Quality Measures Grant which will be used to enhance quality improvement efforts to provide adults with essential preventative care:	\$0	\$1,000	\$0	\$1,000
Subtotal Operating	(\$281)	\$1,534	\$0	\$1,253
GRANT & SUBSIDY				
1. Physical Health and Voluntary Programs				
A. Provides for projected rate increases in Fiscal Year 2013-2014 for the Southeast, Southwest and Lehigh/Capital zones:	\$60,433	\$71,808	\$0	\$131,941
B. Provides for projected enrollment increases in Fiscal Year 2013-2014 for the Southeast, Southwest and Lehigh/Capital zones:	\$76,691	\$89,103	\$0	\$165,694
2. Behavioral Health Program				
A. Provides for projected rate increases in Fiscal Year 2013-2014 for the Southeast, Southwest, Lehigh/Capital, Northeast and Northcentral zones:	\$24,003	\$28,286	\$0	\$52,289
B. Provides for projected enrollment increases in Fiscal Year 2013-2014 for the Southeast, Southwest, Lehigh/Capital, Northeast and Northcentral zones:	\$8,382	\$10,938	\$0	\$19,320

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

APPROPRIATION:
Medical Assistance - Capitation

	State \$	Federal \$	Other \$	Total \$
3. Maternity Care				
A. Provides for projected rate increases in Fiscal Year 2013-2014 for the Southeast, Southwest and Lehigh/Capital zones:	\$6,246	\$6,929	\$0	\$13,175
B. Provides for projected enrollment increases in Fiscal Year 2013-2014, for the Southeast, Southwest and Lehigh/Capital zones:	<u>\$10,515</u>	<u>\$11,665</u>	<u>\$0</u>	<u>\$22,180</u>
Subtotal Physical and Behavioral Health and Maternity Cost and Utilization	<u>\$187,170</u>	<u>\$218,429</u>	<u>\$0</u>	<u>\$405,599</u>
4. Impact of changes in the behavioral health adjustments for autism credits and estimated mid-year rate adjustments:	(\$575)	(\$509)	\$0	(\$1,084)
5. Effect of the monthly cycle delay on Fiscal Year 2013-2014 compared to Fiscal Year 2012-2013 (Fiscal Year 2012-2013 includes one-time savings related to the implementation of Statewide Managed Care):	<u>\$83,218</u>	<u>\$107,442</u>	<u>\$0</u>	<u>\$190,660</u>
Subtotal Other Provider Payments	<u>\$82,643</u>	<u>\$106,933</u>	<u>\$0</u>	<u>\$189,576</u>
6. Provides for projected increases in the transfers to the Medical Assistance for Workers with Disabilities program:	(\$4,196)	(\$5,021)	\$0	(\$9,217)
7. Provides for projected increases in the pharmacy rebates in Fiscal Year 2013-2014:	(\$89,394)	(\$102,094)	\$0	(\$191,488)
8. Impact of the one-time return of Federal Funds in Fiscal Year 2012-2013 related to prior fiscal year activity for behavioral health reinvestment funds:	(\$7,882)	\$7,882	\$0	\$0
9. Impact of the roll forward of Fiscal Year 2011-2012 costs into Fiscal Year 2012-2013 that are not anticipated to recur in Fiscal Year 2013-2014:	(\$7,329)	\$0	\$0	(\$7,329)
10. Impact of State fund savings from the utilization of prior year Federal funds to offset the Capitation General fund need:	(\$75,000)	\$75,000	\$0	\$0
11. Provides for an increase in the payments to managed care organizations related to the gross receipts tax:	<u>\$27,722</u>	<u>\$34,870</u>	<u>\$0</u>	<u>\$62,592</u>
Subtotal Administrative/Cash Flow Impacts	<u>(\$126,078)</u>	<u>\$10,637</u>	<u>\$0</u>	<u>(\$115,442)</u>

VI. EXPLANATION OF CHANGES (\$ Amounts in Thousands)	APPROPRIATION: Medical Assistance - Capitation			
	State \$	Federal \$	Other \$	Total \$
12. Provides for the estimated change in the Federal Medical Assistance Percentage (a decrease from 54.28 percent to 53.52 percent, effective October 1, 2013):	\$82,519	(\$82,519)	\$0	\$0
Subtotal FMAP Changes	\$82,519	(\$82,519)	\$0	\$0
13. Provides for an increase in the quality care assessment revenue due to anticipated increases in the APR-DRG payments to hospitals as the fee for service population is transitioned into managed care:	(\$51,890)	\$0	\$51,890	\$0
14. Provides for the increase in the gross receipts tax due to the statewide expansion of physical health managed care:	(\$85,315)	\$0	\$85,315	\$0
15. Impact of non-recurring Asthma Control Federal Appropriation:	\$0	(\$11)	\$0	(\$11)
16. Impact of one-time physical health rate adjustments in Fiscal Year 2012-2013:	(\$4,100)	(\$5,000)	\$0	(\$9,100)
17. Impact of miscellaneous adjustments:	(\$2,734)	\$504	\$0	(\$2,230)
Subtotal Other Adjustments	(\$144,039)	(\$4,507)	\$137,205	(\$11,341)
FISCAL YEAR 2012-2013 INITIATIVES				
1. General Assistance Program Reform				
A. Annualization of the corresponding Medical Assistance savings resulting from the elimination of the General Assistance cash benefit (savings are attributable to recipients not applying for Medical Assistance benefits):				
	(\$70,298)	(\$61,873)	\$0	(\$132,169)
2. HealthChoices Statewide Expansion				
A. Provides for the annualization of the statewide expansion of the HealthChoices mandatory managed care program into the Southwest and Lehigh Capital expansion zones, the New East and New West:				
	\$192,318	\$239,431	\$0	\$431,747
B. Provides for the annualization of the maternity care payments for the expansion zones:				
	\$18,430	\$22,223	\$0	\$40,653
Subtotal FY 2012-2013 Initiatives	\$140,450	\$199,781	\$0	\$340,231

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

APPROPRIATION:
Medical Assistance - Capitation

	State \$	Federal \$	Other \$	Total \$
FISCAL YEAR 2013-2014 INITIATIVES				
1. Audit Enhancements				
A. Projected savings as a result of expanded and improved provider audit activities. The Department proposes to allow the Commonwealth to retain any recoveries it identifies (currently MCOs retain overpayments related to waste or abuse) and construct a shared arrangement whereby any overpayments identified for an MCO provider are split between the Commonwealth and the MCO:				
	<u>(\$15,000)</u>	<u>(\$17,272)</u>	<u>\$0</u>	<u>(\$32,272)</u>
Subtotal FY 2013-2014 Initiatives	(\$15,000)	(\$17,272)	\$0	(\$32,272)
Total Initiatives	\$125,450	\$182,609	\$0	\$308,059
UNCOMMITTED				
1. Impact of excess Federal appropriation authority in Fiscal Year 2012-2013:				
	\$0	(\$186,323)	\$0	(\$186,323)
Subtotal Operating	(\$281)	\$1,834	\$0	\$1,253
Subtotal Grant and Subsidy	\$207,664	\$431,482	\$137,205	\$776,351
Uncommitted Total	\$0	(\$186,323)	\$0	(\$186,323)
GRAND TOTAL	\$207,383	\$236,883	\$137,205	\$581,281

**CAPITATION
FISCAL YEAR 2012-2013 AVAILABLE**

	Total Payment	Estimated FFP	Estimated State	Total Enrollment	Average Per Capita
July 2012	\$473,787,412	\$255,268,014	\$218,518,289	1,284,582	\$374.68
August	\$473,787,141	\$255,257,280	\$218,508,682	1,284,518	\$374.68
September	\$458,948,440	\$247,269,009	\$211,679,430	1,284,447	\$362.96
October	\$465,441,403	\$247,389,094	\$218,052,308	1,232,911	\$377.51
November	\$450,599,753	\$239,498,781	\$211,100,992	1,232,865	\$365.49
December	\$488,416,876	\$247,375,781	\$218,040,085	1,232,816	\$377.52
January 2013	\$477,468,691	\$253,613,274	\$223,655,417	1,235,177	\$368.66
February	\$431,801,352	\$229,531,610	\$202,289,542	1,235,131	\$349.80
March	\$471,785,453	\$250,840,458	\$220,924,995	1,214,370	\$388.49
April	\$458,817,045	\$244,063,524	\$214,753,521	1,217,349	\$376.80
May	\$474,110,846	\$252,198,677	\$221,811,989	1,217,349	\$388.46
June	\$458,815,071	\$244,062,453	\$214,752,619	1,217,339	\$376.80
Total	\$5,560,738,583	\$2,966,568,432	\$2,594,170,191	14,628,888	\$374.98
HCSE Behavioral Health	\$1,148,455,374	\$583,204,849	\$583,250,525	6,339,672	\$137.47
HCSW Behavioral Health	\$527,861,093	\$263,838,718	\$263,824,337	4,251,207	\$124.12
HCLC Behavioral Health	\$471,268,151	\$239,718,524	\$232,589,627	4,330,038	\$108.84
HCNE Behavioral Health	\$116,039,094	\$60,751,170	\$55,287,924	1,163,067	\$100.64
HCNC-SO Behavioral Health	\$195,674,700	\$102,988,857	\$82,675,843	1,788,783	\$108.72
HCNC-CO Behavioral Health	\$313,831,631	\$163,838,405	\$149,993,226	2,875,740	\$109.13
Subtotal Behavioral Health	\$2,770,948,004	\$1,389,348,520	\$1,377,601,483	22,748,707	\$121.80
HCSE Maternity Care Payments (4/12 - 3/13)	\$202,612,168	\$110,718,930	\$91,785,238	20,185	\$10,092.80
HCSW Maternity Care Payments (4/12 - 3/13)	\$86,950,188	\$36,607,328	\$30,842,670	8,878	\$7,642.83
HCLC Maternity Care Payments (4/12 - 3/13)	\$80,674,131	\$49,574,655	\$41,089,478	11,661	\$7,775.85
Voluntary Maternity	\$6,350,322	\$2,914,722	\$2,435,600	812	\$6,589.07
Subtotal Maternity Care	\$385,486,819	\$199,813,634	\$165,673,185	41,634	\$8,799.70
OTHER PROVIDER PAYMENTS					
BH Act 62 Autism Credit Adjustments					
PH Voluntary Retro Rate Adjustments	(\$6,205,214)	(\$3,384,985)	(\$2,820,228)		
PH Rate Adjustments	\$9,100,000	\$5,000,000	\$4,100,000		
BH Rate Adjustments	\$42,042,753	\$22,429,182	\$19,613,582		
PH MCO P4P Net Lag In from CY2010	\$10,000,000	\$5,028,411	\$4,971,589		
Restructure Payment Schedule (including expansion)	\$33,452,244	\$18,422,151	\$16,030,083		
Physician P4P Programs	(\$253,968,122)	(\$128,194,997)	(\$124,773,128)		
Physician P4P Programs	\$17,612,435	\$8,580,030	\$8,052,405		
Access Rate Pool Supplemental Payments	\$474,844,400	\$298,737,836	\$216,208,564		
Subtotal Other Provider Payments	\$328,878,496	\$188,597,607	\$140,380,888		
ADMINISTRATIVE/CASH FLOW IMPACTS					
Expenditure Adj for Workers with Disabilities	(\$148,684,235)	(\$80,944,977)	(\$67,639,259)		
Expenditure Adj for Family Planning Svcs (4/12-3/13)	\$0	\$18,683,000	(\$18,683,000)		
Federalizing General Assistance (04/12 to 03/12)	\$0	\$4,000,000	(\$4,000,000)		
Pharmacy Rebates	(\$371,138,124)	(\$193,810,100)	(\$177,328,024)		
BH Reinvestment Sharing	(\$10,000,000)	(\$5,028,411)	(\$4,971,589)		
BH Reinvestment Sharing Adjustment	\$0	(\$7,881,721)	\$7,881,721		
Transfer to Physician Practice Plans	(\$17,438,000)	(\$8,498,000)	(\$7,937,000)		
Roll Forward from 11-12 FY	\$7,329,459	\$0	\$7,329,459		
Additional Canceled/Other Reductions	(\$50,724,894)	(\$32,395,684)	(\$28,329,000)		
Subtotal Administrative/Cash Flow Impacts	(\$800,553,595)	(\$255,876,883)	(\$344,676,682)		
CONTRACTS					
External Quality Review	\$2,600,000	\$1,950,000	\$650,000		
Enrollment Assistance Program	\$10,000,000	\$4,830,000	\$5,170,000		
Contracted Legal Support	\$200,000	\$0	\$200,000		
Claims Processing and PROMISE contract costs	\$8,708,509	\$8,528,121	\$2,179,388		
MITA	\$100,000	\$90,000	\$10,000		
Actuarial Contract (PH and BH)	\$10,503,320	\$5,089,909	\$5,413,411		
Technical Assistance Contract (PH)	\$4,500,000	\$2,173,500	\$2,328,500		
Innovations Project	\$812,500	\$0	\$812,500		
Technical Assistance Contract (BH)	\$1,750,234	\$840,112	\$910,122		
TPL Data Exchange	\$900,000	\$450,000	\$450,000		
Clinical Consultants	\$682,511	\$351,610	\$340,901		
Audits of Hospital Cost Reports	\$300,000	\$150,000	\$150,000		
Subtotal Operating	\$41,057,074	\$22,454,252	\$18,612,822		
FISCAL YEAR 2009-2010 PRRs / INITIATIVES					
Statewide MCO Gross Receipts Tax	\$624,828,317	\$333,981,982	\$290,846,325		

**CAPITATION
FISCAL YEAR 2012-2013 AVAILABLE**

	Total Payment	Estimated FFP	Estimated State	Total Enrollment	Average Per Capita
FISCAL YEAR 2012-2013 PRRs / INITIATIVES					
General Assistance Program Reform	(\$77,807,048)	(\$10,828,824)	(\$86,877,426)		
Hospital Application Process Revisions	(\$67,872,380)	(\$35,250,643)	(\$32,421,637)		
HealthChoices SW Expansion	\$210,474,268	\$113,475,058	\$96,999,209	888,725	\$351.54
HealthChoices LC Expansion	\$75,282,825	\$40,682,991	\$34,679,834	254,268	\$296.00
HealthChoices NE Expansion	\$254,883,975	\$137,180,801	\$117,683,374	843,231	\$302.25
HealthChoices NW Expansion	\$368,200,437	\$199,313,563	\$169,886,874	1,110,378	\$331.60
Rate adjustment for Expansion Zones	\$0	\$0	\$0		
Maternity Care SW Expansion	\$10,978,227	\$ 5,817,775.82	\$4,861,451	1,782	\$5,958.39
Maternity Care LC Expansion	\$5,387,747	\$2,835,110	\$2,452,637	914	\$5,894.68
Maternity Care NE Expansion	\$17,047,172	\$9,263,205	\$7,783,967	2,686	\$8,348.04
Maternity Care NW Expansion	\$21,507,488	\$11,674,284	\$9,833,215	3,351	\$8,418.22
Operating - All Expansion Zones	\$3,500,000	\$ 1,688,800	1,800,200		
Expansion zone savings previously in FFS	(\$118,948,634)	(\$81,882,651)	(\$54,088,182)		
Subtotal 2012-2013 PRRs/Initiatives	\$705,494,657	\$413,089,541	\$292,405,316		
Uncommitted Federal	\$188,323,243	\$188,323,243	\$0		
FY 2012-2013 Cash Requirements Before Adjustments	\$8,981,311,807	\$5,456,298,328	\$4,535,013,478		
LESS Other Revenue:					
Quality Care Assessment Revenue			\$243,408,214		
Statewide MCO Gross Receipts Tax Assessments			\$668,786,269		
Total FY 2012-2013 Cash Requirements		\$5,456,298,328	\$3,622,898,997		
Appropriation Act 9-A of 2012		\$5,456,267,000	\$3,780,674,000		
Asthma Control Program		\$11,328	\$0		
Surplus/(Deficit)		(\$60)	\$157,885,003		

**CAPITATION
FISCAL YEAR 2013-2014 BUDGET**

	Total Payment	Estimated FFP	Estimated State	Total Enrollment	Average Per Capita
July 2013	\$483,812,085	\$257,358,421	\$226,253,644	1,221,217	\$398.01
August	\$483,812,065	\$257,358,421	\$226,253,644	1,221,217	\$398.01
September	\$468,011,681	\$249,056,538	\$218,955,143	1,221,217	\$383.23
October	\$485,756,773	\$254,807,425	\$230,849,349	1,228,650	\$398.00
November	\$470,087,189	\$248,587,830	\$223,489,389	1,228,650	\$383.23
December	\$485,756,773	\$254,807,425	\$230,849,349	1,228,650	\$398.00
January 2014	\$487,824,044	\$255,819,331	\$232,004,712	1,231,924	\$395.99
February	\$440,615,288	\$231,062,623	\$209,662,845	1,231,924	\$357.68
March	\$487,824,044	\$255,819,331	\$232,004,712	1,231,924	\$395.99
April	\$473,895,483	\$248,487,826	\$225,487,857	1,237,035	\$383.17
May	\$489,785,343	\$258,780,884	\$233,014,459	1,237,035	\$395.94
June	\$473,893,474	\$248,486,550	\$225,486,923	1,237,025	\$383.17
Total	\$5,730,684,211	\$3,016,452,404	\$2,714,431,808	14,750,487	\$388.52
HCSE Behavioral Health	\$1,187,585,701	\$578,512,844	\$611,053,057	8,487,743	\$139.92
HCSW Behavioral Health	\$532,129,667	\$263,528,428	\$268,603,239	4,183,416	\$127.20
HCLC Behavioral Health	\$484,878,476	\$248,082,958	\$248,585,519	4,343,446	\$113.89
HCNE Behavioral Health	\$118,370,907	\$60,928,976	\$57,441,829	1,162,849	\$101.79
HCNC-SO Behavioral Health	\$195,853,145	\$101,375,905	\$94,277,240	1,771,288	\$110.46
HCNC-CO Behavioral Health	\$320,888,899	\$165,059,125	\$155,827,634	2,671,883	\$111.73
Subtotal Behavioral Health	\$2,849,284,554	\$1,415,486,037	\$1,433,788,517	22,820,605	\$124.85
HCSE Maternity Care Payments (4/13 - 3/14)	\$229,968,302	\$123,917,619	\$108,048,863	22,299	\$10,312.85
HCSW Maternity Care Payments (4/13 - 3/14)	\$69,440,180	\$37,429,676	\$32,010,504	9,024	\$7,789.11
HCLC Maternity Care Payments (4/13 - 3/14)	\$94,597,769	\$50,985,116	\$43,612,643	11,907	\$8,009.13
Subtotal Maternity Care	\$394,004,241	\$212,332,411	\$181,671,830	43,230	\$8,114.14
OTHER PROVIDER PAYMENTS					
BH Act 62 Autism Credit Adjustments	(\$7,290,017)	(\$3,920,628)	(\$3,369,389)		
PH Rate Adjustments	\$43,281,278	\$23,164,139	\$20,117,137		
BH Rate Adjustments	\$10,000,000	\$4,967,865	\$5,032,135		
PH MCO P4P	\$37,500,000	\$20,141,250	\$17,358,750		
Restructure Payment Schedule (including expansion)	(\$50,789,375)	(\$14,037,853)	(\$38,761,522)		
Physician P4P Programs	\$19,647,104	\$10,884,448	\$8,882,856		
Access Rate Pool Supplemental Payments	\$474,944,400	\$255,092,637	\$219,851,763		
Managed Care Rate Adjustment	(\$30,120,482)	(\$16,120,482)	(\$14,000,000)		
Subtotal Other Provider Payments	\$497,162,906	\$278,951,376	\$217,211,530		
ADMINISTRATIVE/CASH FLOW IMPACTS					
Expenditure Adj for Workers with Disabilities	(\$157,801,732)	(\$84,755,310)	(\$73,046,422)		
Expenditure Adj for Family Planning Svcs (4/13-3/14)	\$0	\$19,683,000	(\$19,683,000)		
Federalizing General Assistance (04/13-03/14)	\$0	\$54,000,000	(\$54,000,000)		
Pharmacy Rebates	(\$532,625,878)	(\$291,275,876)	(\$241,350,000)		
BH Reinvestment Sharing	(\$10,000,000)	(\$4,967,865)	(\$5,032,135)		
Transfer to Physician Practice Plans	(\$17,436,000)	(\$8,365,000)	(\$8,071,000)		
Prior Year Federal Funds	\$0	\$75,000,000	(\$75,000,000)		
Additional Caseload/Other Reductions	(\$1,523,000)	(\$815,000)	(\$708,000)		
Subtotal Administrative/Cash Flow Impacts	(\$719,386,608)	(\$242,486,051)	(\$476,890,557)		
CONTRACTS					
External Quality Review	\$2,800,000	\$1,950,000	\$650,000		
Enrollment Assistance Program	\$10,500,000	\$5,071,500	\$5,428,500		
Contracted Legal Support	\$26,823	\$0	\$26,823		
Claims Processing and PROMISE contract costs	\$8,365,518	\$6,204,972	\$2,160,546		
MITA	\$100,000	\$80,000	\$10,000		
Actuarial Contract (PH and BH)	\$10,503,320	\$5,089,908	\$5,413,411		
Technical Assistance Contract (PH)	\$4,500,000	\$2,173,500	\$2,326,500		
Technical Assistance Contract (BH)	\$1,750,234	\$840,112	\$910,122		
TPL Data Exchange	\$900,000	\$450,000	\$450,000		
Clinical Consultants	\$782,894	\$452,379	\$340,518		
Adult Quality Measures Grant	\$1,000,000	\$1,000,000	\$0		
Audits of Hospital Cost Reports	\$100,000	\$50,000	\$50,000		
Subtotal Operating	\$41,138,789	\$23,372,372	\$17,766,417		

**CAPITATION
FISCAL YEAR 2013-2014 BUDGET**

	Total Payment	Estimated FFP	Estimated State	Total Enrollment	Average Per Capita
<u>FISCAL YEAR 2009-2010 PRRs / INITIATIVES</u>					
Statewide MCO Gross Receipts Tax	\$688,082,355	\$382,309,861	\$322,682,465		
<u>FISCAL YEAR 2012-2013 PRRs / INITIATIVES</u>					
General Assistance Program Reform	(\$209,975,936)	(\$72,702,408)	(\$137,273,528)		
Hospital Application Revisions	(\$57,672,380)	(\$38,280,843)	(\$32,421,837)		
HealthChoices SW Expansion	\$217,973,337	\$115,934,815	\$102,038,522	601,420	\$362.43
HealthChoices LC Expansion	\$80,518,317	\$42,984,015	\$37,534,303	259,108	\$310.75
HealthChoices NE Expansion	\$794,497,096	\$423,374,823	\$371,122,172	2,553,298	\$311.17
HealthChoices NW Expansion	\$808,903,907	\$270,343,567	\$236,560,340	1,482,799	\$341.86
Maternity Care SW Expansion	\$10,946,298	\$5,879,208	\$5,066,999	1,792	\$6,108.37
Maternity Care LC Expansion	\$3,522,440	\$2,998,103	\$2,566,338	814	\$6,042.08
Maternity Care NE Expansion	\$49,069,556	\$26,354,721	\$22,713,634	7,540	\$6,607.77
Maternity Care NW Expansion	\$29,275,284	\$18,723,786	\$13,661,629	4,450	\$6,578.72
Operating - All Expansion Zones	\$4,681,117	\$2,315,859	\$2,365,259		
Expansion zone savings previously in FFS	(\$295,044,448)	(\$155,169,154)	(\$139,885,294)		
Subtotal 2012-2013 PRRs/Initiatives	\$1,126,693,498	\$642,764,883	\$483,928,635		
<u>FISCAL YEAR 2013-2014 PRRs / INITIATIVES</u>					
Provider Audit Expansion Proposal	(\$32,272,000)	(\$17,272,000)	(\$15,000,000)		
Subtotal 2013-2014 PRRs/Initiatives	(\$32,272,000)	(\$17,272,000)	(\$15,000,000)		
<u>FY 2013-2014 Cash Requirements Before Adjustments</u>					
FY 2013-2014 Cash Requirements Before Adjustments	\$10,572,591,947	\$5,892,991,272	\$4,679,600,675		
LESS Other Revenue:					
Quality Care Assessment Revenue			\$295,297,053		
Statewide MCO Gross Receipts Tax Assessments			\$754,111,529		
Total FY 2013-2014 Cash Requirements		\$5,892,991,272	\$3,630,192,084		

MEDICAL ASSISTANCE - CAPITATION

PROGRAM STATEMENT

HealthChoices is Pennsylvania's comprehensive, mandatory managed care Medical Assistance (MA) program. Health Maintenance Organizations and other Managed Care Organizations (MCOs) manage MA benefits to ensure access to necessary care and to limit waste and abuse from unnecessary services or prices that are higher than necessary to ensure access. The MCOs provide each recipient with a Primary Care Provider, or "medical home," to promote continuity of medical care and encourage early detection and preventive medicine. HealthChoices serves close to two million MA consumers across the State.

HEALTHCHOICES - PHYSICAL HEALTH

The Physical Health managed care program is currently managed by the Office of Medical Assistance Programs. The HealthChoices Physical Health program is currently mandatory for most recipients in five counties in southeastern Pennsylvania (PA), 14 counties in southwestern PA, 13 counties in the Lehigh/Capital region and 13 counties in northwestern PA. The Physical Health program is going mandatory statewide for most recipients in Fiscal Year 2012-2013 with the remaining 22 counties in the northeast added March 2013. With the implementation of mandatory HealthChoices statewide, the Voluntary program will cease operations.

- The Department provides physical health services to MA recipients in the Southeast through contracts with Aetna Better Health, Coventry Cares (HealthAmerica), Health Partners of Philadelphia, Inc., United Healthcare Community Plan of PA and Vista Health Plan (Keystone Mercy).
- The Department presently contracts with four MCOs to provide physical health services to MA recipients in the Southwest; Coventry Cares, Gateway Health Plan, United Healthcare Community Plan of PA and UPMC for You, Inc.
- The Department presently contracts with four MCOs to provide physical health services to MA recipients in the Southwest; Coventry Cares, Gateway Health Plan, United Healthcare Community Plan of PA and UPMC for You, Inc.
- The Department contracts with five MCOs to provide physical health services to MA recipients in the Lehigh/Capital zone; Vista Health Plan (AmeriHealth Mercy), Gateway Health Plan, United Healthcare Community Plan of PA, Aetna Better Health and UPMC for You, Inc.
- In October 2012, HealthChoices became operational in the New West zone, which includes: Cameron, Clarion, Clearfield, Crawford, Elk, Erie, Forest, Jefferson, McKean, Mercer, Potter, Venango, and Warren Counties. The Department contracts with four MCOs to provide physical health services to MA recipients in the New West zone; Vista Health Plan (AmeriHealth Mercy), Gateway Health Plan, Coventry Cares and UPMC for You, Inc. With the expansion, voluntary programs have ceased operation in this zone.
- In March 2013, HealthChoices will become operational in the New East zone, which includes: Bradford, Carbon, Centre, Clinton, Columbia, Juniata, Lackawanna, Luzerne, Lycoming, Mifflin, Monroe, Montour, Northumberland, Pike, Schuylkill, Snyder, Sullivan, Susquehanna, Tioga, Union, Wayne, and Wyoming Counties. The Department will contract with three MCOs to provide physical health services to MA recipients in the New East zone; Amerihealth Northeast, Coventry Cares and Geisinger Health Plan. With the expansion, voluntary programs will cease operation in this zone.

HEALTHCHOICES - BEHAVIORAL HEALTH

The Behavioral Health managed care program is currently managed by the Office of Mental Health and Substance Abuse Services. The HealthChoices Behavioral Health program has been mandatory for most recipients across the State since 2007. The statewide HealthChoices Behavioral Health program is provided through contracts with counties that use independent Behavioral Health MCOs or, in some cases, through direct contracts with Behavioral Health MCOs.

- In the Southeast zone, the behavioral health component is managed under separate contracts between the Department and each of the five county governments. Philadelphia uses its own behavioral health managed care organization known as Community Behavioral Health. Chester County contracts with Community Care Behavioral Healthcare Organization. The remaining three counties contract with Magellan Behavioral Health of PA, Inc.
- In the Southwest zone, Allegheny County contracts with the Community Care Behavioral Health Organization. Other counties and, in some cases, the Department, contract with Value Behavioral Health of Pennsylvania, Inc.
- For Lehigh/Capital zone, counties contract with Community Care Behavioral Healthcare Organization, Magellan Behavioral Health, and Community Behavioral HealthCare Network of Pennsylvania.
- For the Northeast zone the Department contracts directly with the Northeast Behavioral Health Care Consortium (NBHCC). The NBHCC is a county-sponsored non-profit agency that contracts with Community Care Behavioral Health Organization.
- In the North Central zone, the Department contracts directly with Community Care Behavioral Health Organization to provide services in these counties and manages the program in partnership with the 23 counties in this region.
- For the remaining 15 counties (Bedford, Blair, Cambria, Carbon, Clinton, Crawford, Erie, Franklin, Fulton, Lycoming, Mercer, Monroe, Pike, Somerset and Venango) services are provided through contracts with individual counties.

STATUS OF HEALTHCHOICES WAIVERS

The Department operates HealthChoices with section 1915(b) waiver authority granted by the Centers for Medicare and Medicaid Services (CMS). The Office of Medical Assistance Programs submitted a renewal of the waiver to CMS on September 14, 2012. On December 11, 2012, CMS approved the HealthChoices waiver renewal which covers the period January 1, 2013 through December 31, 2014. The renewal combined the two previous 1915(b) waivers into a single statewide waiver. The renewal also includes the expansion of the HealthChoices physical health mandatory managed care program into Northeastern Pennsylvania, effective March 1, 2013, completing the full statewide expansion of HealthChoices physical health mandatory managed care.

FISCAL YEAR 2013-2014 INITIATIVE - AUDIT ENHANCEMENTS

This initiative proposes to expand and improve provider audit activities while yielding significant cost savings and recoveries. Expanding the use of the Recovery Audit Contractor would expand the program to focus more on hospitals and other providers including ambulatory surgical centers, radiology, laboratory, outpatient, and physician services. Through increasing the use of Bureau of Financial Operations audit activities, the Department would enhance current provider audits by outsourcing 40 high-risk provider audits of hospitals, procuring staff augmentation to assist existing Department auditors and taking action with the Department of Revenue to match providers with tax records to ensure that they have fully paid their taxes. The Department also proposes to allow the Commonwealth to retain any recoveries it identifies (currently MCOs retain overpayments related to waste or abuse) and construct a shared arrangement whereby any overpayments identified for an MCO provider are split between the Commonwealth and the MCO.

