



Administrative Circular

Commonwealth of Pennsylvania

Governor's Office

Administrative Circular 22-02 – 2022-23 Budget Hearing Materials

Date: January 11, 2022

By Direction of: *Greg Thall*
Greg Thall, Secretary of the Budget

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 2022-23 Executive Budget.

Agencies are to prepare electronic versions of the budget hearing materials as specified below and have the electronic documents available on their agency website landing page. In addition, an electronic copy will be made available on the GBO FTP site.

Attached is a request for 2022-23 hearing materials received from the Senate and House Appropriations Committees. All requested materials must be compiled and made available electronically to each committee on the agency website landing page and the GBO FTP server 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. Agencies not scheduled for a hearing before the appropriations committees must submit the required information to the committees by **March 11, 2022**.

4. Provide by **March 11, 2022**, an electronic list of contracts and grants in excess of \$5,000 that allows the user to search and sort by categories and groupings.

In response to Item 10 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 created electronically in a separate document and available with the electronic hearing materials. Dollar amounts for 2022-23 should agree with the amounts 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 or illegible forms may be returned to the agency or not processed.

One copy of all hearing materials, plus one set of the RAFF forms, are to be submitted electronically 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 and time. 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 2022-23 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.

Enclosure 1 - House and Senate Appropriations Committees and Attachments



Senate of Pennsylvania

December 21, 2021

Honorable Gregory Thall
Secretary of the Budget
Room 238, Main Capitol Building
Harrisburg, PA 17120

Dear Secretary Thall:

In order to ensure that taxpayer dollars are invested wisely and directed to those programs providing the greatest return on that investment, we will again approach the upcoming budget with the intent of targeting spending to programs that produce 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 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 that makes the coordination of hearing times extremely difficult.

Below is a detailed list of the information that must be submitted at least ten days prior to the budget hearing for each agency. *For agencies scheduled for a hearing during the weeks of February 14, 2022, or February 22, 2022, hearing materials must be submitted by February 11, 2022.* All hearing materials should be available in electronic format and be accessible on the Budget Office FTP server no later than the date designated by the respective committee. Those agencies that are not scheduled for a hearing should submit the information no later than March 11, 2022. 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 the statutory authority that established the program and authorizes the expenditure of funds. **Please note, in an appropriation where no funding is proposed for FY 2022-23, agencies must still provide the preceding information for fiscal years 2020-21 and 2021-22.** In addition, 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 2020-21 obligations (including dollar amounts) rolled forward to FY 2021-22 and any FY 2021-22 obligations (including dollar amounts) proposed to be rolled forward to FY 2022-23.
- (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) For all appropriation authority remaining in prior and current fiscal years, please indicate any amounts that will remain unencumbered and unexpended as of June 30, 2022, including funding currently in Budgetary Reserve or Pending Lapse in the Commonwealth's accounting system.
- (e) Identify any appropriations for which a FY 2021-22 supplemental appropriation is needed and provide an explanation for the need. Please provide a dollar amount and date when the current appropriation will be exhausted.
- (f) If funds have been placed in budgetary reserve for FY 2021-22, please indicate if these funds have been restored in the FY 2022-23 proposal and provide an explanation/justification for the restoration.
- (g) 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.
- (h) 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. For funds that have a FY 2022-23 ending balance in excess of 10% of annual revenue, please note any future-year commitments the committee should consider when reviewing those ending balances. As an example of how this information should be presented, we have attached a financial statement and budget detail for the PACE fund.
- (i) Agencies should also provide the status of pending litigation **and potential federal disallowances** related to programs they administer and include the potential impact to the Commonwealth's fiscal position along with a brief description of each instance.
- (j) 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.

As an example of how agencies should present their appropriations requests, we have enclosed several pages from the Department of Human Services' FY 2021-22 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) ***Program Initiatives:*** New 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. The programmatic description of the initiative should also include the proposed implementation timeline.

- (5) **Fee Increases:** If a fee increase is proposed, agencies should include the statutory or regulatory citation for the fee, the planned effective date, current and proposed fee schedule, most recent fee transaction count, estimated additional revenue to be generated and appropriation/fund where the additional revenue will be directed.
- (6) **Federal Augmentations:** The Request for Approval of Federal Funds form (RAFF) should be filled out for each federal augmentation that is requested in the FY 2022-23 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 changes to the federal augmentations included in the General Appropriation Act.
- (7) **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.
- (8) **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 2020-21, 2021-22 and 2022-23. In addition, for fiscal year 2022-23 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.
- (9) **Contracts/Grants:** Provide an electronic list of contracts/grants 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 electronic list of interagency agreements and memorandums of understanding. The list of contracts/grants should be for the entire 2020-21 fiscal year, the 2021-22 fiscal year to date, anticipated contracts for the remaining portion of the 2021-22 fiscal year and, where possible, a list of anticipated contracts for fiscal year 2022-23. Within the electronic format, users should be able to search and sort by categories and groupings. An example from the Department of Military and Veterans Affairs' FY 2021-22 materials is attached. This information should be available via the Budget Office's FTP server no later than March 11, 2022, for those agencies not scheduled for a hearing. **Please note, for an appropriation for which no funding is proposed for FY 2022-23, agencies must still submit a list of contracts and grants for fiscal years 2020-21 and 2021-22.**
- (10) **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 FY 2022-23 Governor's Budget submitted to the General Assembly. 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 11, 2022.

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. **Please ensure that materials are readable before forwarding to the committees.**

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,



John Guyer, Executive Director
Senate Appropriations Committee (R)



David Donley, Executive Director
House Appropriations Committee (R)



Mark Mekilo, Executive Director
Senate Appropriations Committee (D)



Anne Baloga, Executive Director
House Appropriations Committee (D)

*Attachments: Format for Financial Statements – PACE Fund Example
Format for Justification – Department of Human Services Example
Format for Contract and Grant Lists – Department of Military and Veterans Affairs Example

**Pharmaceutical Assistance Fund
Financial Statement
FY 2021-22 Request**

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
	Actual	Available	Budget	Estimate	Estimate	Estimate	Estimate
Beginning Balance	\$ 23,599	\$ 5,288	\$ 1,003	\$ 4,706	\$ 6,410	\$ 5,646	\$ 4,223
Receipts:							
Transfer from Lottery Fund	\$ 140,000	\$ 155,000	\$ 155,000	\$ 155,000	\$ 160,000	\$ 160,000	\$ 160,000
Interest	593	125	600	600	600	600	600
Chronic Renal Disease	3,113	3,900	3,900	3,900	3,900	3,900	3,900
Special Pharmaceuticals	75,001	79,260	81,392	81,392	81,392	81,392	81,392
Auto Cat Claims Processing	0	0	0	0	0	0	0
Wrkrs Comp Claims Processing	0	0	0	0	0	0	0
Corrections	775	790	790	790	790	790	790
Total receipts	219,482	239,075	241,682	241,682	246,682	246,682	246,682
Total Funds Available	\$ 243,081	\$ 244,363	\$ 242,685	\$ 246,388	\$ 253,092	\$ 252,328	\$ 250,905
Expenditures:							
Contracted services (EA)	\$ 144,195	\$ 147,507	\$ 137,698	\$ 139,075	\$ 146,029	\$ 146,175	\$ 146,029
Administration	1,090	1,311	1,224	1,346	1,360	1,373	1,387
Excess EA authority	0	0	0	0	0	0	0
Contracted services	0	0	0	0	0	0	0
Administration	0	0	0	0	0	0	0
Chronic Renal Disease	0	0	0	0	0	0	0
Special Pharmaceutical	92,508	94,542	99,057	99,557	100,057	100,557	101,057
State Workers Insurance Fund	0	0	0	0	0	0	0
Auto Cat Claims Processing	0	0	0	0	0	0	0
Wrkrs Comp Claims Processing	0	0	0	0	0	0	0
AG Settlements/L-CAP Program	0	0	0	0	0	0	0
Total expenditures	237,793	243,360	237,979	239,978	247,446	248,105	248,473
Ending Balance	\$ 5,288	\$ 1,003	\$ 4,706	\$ 6,410	\$ 5,646	\$ 4,223	\$ 2,432

	18-19 Actual			19-20 Actual			20-21 Available					
	PACE 2018-19	PACENET 2018-19	TOTAL 2018-19	PACE 2019-20	PACENET 2019-20	TOTAL 2019-20	PACE 2020-21	PACENET 2020-21	TOTAL 2020-21	PACE 2021-22	PACENET 2021-22	TOTAL 2021-22
Cardholders	75,351	153,638	228,989	70,312	154,371	224,683	66,057	155,218	221,275	60,303	158,229	218,533
% Change	-10.74%	3.40%		-6.69%	0.48%		-6.05%	0.55%		-8.71%	1.94%	
Cost Per Claim	\$24.27	\$25.77		\$24.01	\$26.13		\$24.82	\$26.00		\$25.56	\$26.78	
% Change	4.50%	6.29%		-1.07%	1.40%		-2.21%	-9.82%		3.00%	3.00%	
Scripts/person	23.16	24.60		20.28	21.96		21.67	22.57		19.95	20.68	
	-8.96%	-10.87%		-12.44%	-10.73%		0.56%	-0.86%		-7.90%	-8.39%	
Checkwrite Estimate Corrections	\$0	\$4,999	\$4,999	\$0	\$6,567	\$6,567						
Total Drug Cost	\$42,354	\$97,396	\$139,751	\$34,237	\$88,578	\$122,815	\$35,523	\$91,105	\$126,628	\$30,763	\$87,632	\$118,396
Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Current Program Cost	42,354	102,396	144,750	34,237	95,145	129,382	35,523	91,105	126,628	30,763	87,632	118,396
Medicare Part D - premiums	\$8,265	\$11,583	\$19,848	\$7,572	\$11,706	\$19,278	\$6,982	\$13,119	\$20,101	\$6,421	\$13,977	\$20,398
Third Party Recovery	(\$10,807)	\$0	(\$10,807)	(\$5,845)	\$0	(\$5,845)	(\$8,326)	\$0	(\$8,326)	(\$8,326)	\$0	(\$8,326)
Rebates	(\$11,409)	(\$27,584)	(\$38,993)	(\$8,157)	(\$22,667)	(\$30,824)	(\$9,744)	(\$24,989)	(\$34,733)	(\$8,829)	(\$25,151)	(\$33,981)
Eliminate PACENET Premium Clawback (with no increase in copay)							\$0	\$2,259	\$2,259	\$0	\$4,172	\$4,172
Increase PACENET Upper Income by \$6,000							\$0	\$1,708	\$1,708	\$0	\$7,023	\$7,023
Mandating Part D							(\$1,462)	(\$3,750)	(\$5,212)	(\$2,976)	(\$8,477)	(\$11,453)
HB 270 PACENET Income Limit Expansion			\$0			\$0	\$0	\$190	\$190	\$0	\$0	\$0
HMS Recoveries	\$2,099	\$5,075	\$7,174	\$995	\$2,767	\$3,762	\$1,534	\$3,934	\$5,468	\$2,080	\$3,388	\$5,468
Corrections Invoices			\$0			\$0	\$1,841	\$4,723	\$6,564	\$2,497	\$4,067	\$6,564
Dispensing fee Initiative HB118	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Discounts			0			0	\$0	\$0	\$0	\$0	\$0	\$0
COVERAGE GAP CHANGES--ADDED COST ASSOCIATED WITH CHANGE IN 2020 PART D WRAP AROUND							\$1,403	\$3,597	\$5,000	\$1,299	\$3,701	\$5,000
Total Recoupments	(\$11,852)	(\$10,926)	(\$22,778)	(\$5,434)	(\$8,195)	(\$13,629)	(\$7,772)	\$791	(\$6,981)	(\$7,834)	\$2,700	(\$5,134)
Total(000's)	\$30,502	\$91,470	\$121,972	\$28,802	\$86,950	\$115,753	\$27,751	\$91,896	\$119,647	\$22,929	\$90,332	\$113,281
			\$24,256			\$24,328			\$24,489			\$25,411
			\$146,228			\$140,081			\$144,136			\$138,672

**DEPARTMENT OF HUMAN SERVICES
BUDGET REQUEST FOR FISCAL YEAR 2021-2022
(\$ Amounts in Thousands)**

Page # of Governor's Executive Budget:
Pp. A2-10, C1-44, E27-2, E27-12, E27-29, E27-30,
I3

APPROPRIATION:
County Administration-Statewide

I. SUMMARY FINANCIAL DATA

	2019-2020 <u>Actual</u>	2020-2021 <u>Available</u>	2021-2022 <u>Budgeted</u>
State Funds	\$43,813	\$45,839	\$51,220 ¹
Federal Funds Total	\$117,996	\$118,699	\$125,430
Federal Sources Itemized			
<i>Medical Assistance - Statewide</i>	\$65,227	\$65,058	\$67,797
<i>SNAP - Statewide</i>	\$39,406	\$38,484	\$37,574
<i>TANFBG - Statewide</i>	\$1,072	\$1,072	\$1,072
<i>ARRA - Health Information Technology</i>	\$12,291	\$12,385	\$12,394
<i>CHIP - Statewide</i>	\$0	\$1,700	\$0
<i>Children's Health Insurance admin</i>	\$0	\$0	\$6,366
<i>COVID-Children's Health Insurance Admin. (EA)</i>	\$0	\$0	\$227
Other Funds Total	\$2,669	\$2,669	\$2,669
Other Fund Sources Itemized			
<i>SNAP Retained Collections</i>	\$2,166	\$2,201	\$2,201
<i>eHealth Fees</i>	\$503	\$468	\$468
Total	\$164,478	\$167,207	\$179,319 ¹

IA. REQUESTED SUPPLEMENTALS (Included above)

State Funds	\$0
Federal Funds	\$0
Total	\$0

¹ Includes the proposed transfer of Children's Health Insurance Program Administration to the County Administration - Statewide appropriation.

II. DETAIL BY MAJOR OBJECT (\$ Amounts in Thousands)	APPROPRIATION: County Administration-Statewide				
	2019-2020 Actual	2020-2021 Available	2021-2022 Budgeted	Change Budgeted vs. Available	Percent Change
PERSONNEL					
<i>State Funds</i>	\$34,492	\$34,317	\$37,831	\$3,514	10.24%
<i>Federal Funds</i>	\$57,405	\$56,583	\$57,265	\$682	1.21%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Personnel	\$91,897	\$90,900	\$95,096	\$4,196	4.62%
OPERATING					
<i>State Funds</i>	\$8,692	\$11,010	\$12,877	\$1,867	16.96%
<i>Federal Funds</i>	\$20,736	\$20,677	\$22,165	\$1,488	7.20%
<i>Other Funds</i>	\$2,619	\$2,669	\$2,669	\$0	0.00%
Total Operating	\$32,047	\$34,356	\$37,711	\$3,355	9.77%
FIXED ASSETS					
<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%
Total Fixed Assets	\$0	\$0	\$0	\$0	0.00%
GRANT & SUBSIDY					
<i>State Funds</i>	\$503	\$503	\$503	\$0	0.00%
<i>Federal Funds</i>	\$35,582	\$34,582	\$35,432	\$850	2.46%
<i>Other Funds</i>	\$50	\$0	\$0	\$0	0.00%
Total Grant & Subsidy	\$36,135	\$35,085	\$35,935	\$850	2.42%
NONEXPENSE					
<i>State Funds</i>	\$9	\$9	\$9	\$0	0.00%
<i>Federal Funds</i>	\$472	\$1,010	\$1,010	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Nonexpense	\$481	\$1,019	\$1,019	\$0	0.00%
BUDGETARY RESERVE					
<i>State Funds</i>	\$117	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$3,801	\$5,847	\$9,558	\$3,711	63.47%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Budgetary Reserve	\$3,918	\$5,847	\$9,558	\$3,711	63.47%
UNCOMMITTED					
<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%
Total Uncommitted	\$0	\$0	\$0	\$0	0.00%
EXCESS FEDERAL					
<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%
Total Excess Federal	\$0	\$0	\$0	\$0	0.00%
TOTAL FUNDS					
<i>State Funds</i>	\$43,813	\$45,839	\$51,220	\$5,381	11.74%
<i>Federal Funds</i>	\$117,996	\$118,699	\$125,430	\$6,731	5.67%
<i>Other Funds</i>	\$2,669	\$2,669	\$2,669	\$0	0.00%
Total Funds	\$164,478	\$167,207	\$179,319	\$12,112	7.24%

APPROPRIATION:
County Administration-Statewide

III. HISTORY OF LAPSES (\$ Amounts in Thousands)	2018-2019	2019-2020	2020-2021 Estimated
State Funds	\$954	\$3,237	\$0

IV. COMPLEMENT INFORMATION	12/31/2019	12/31/2020	2021-2022 Budgeted
State/Federally Funded			
<i>Authorized</i>	880	880	910
<i>Filled</i>	835	807	838
Federally Funded			
<i>Authorized</i>	0	0	0
<i>Filled</i>	0	0	0
Other Funded			
<i>Authorized</i>	0	0	0
<i>Filled</i>	0	0	0
Total			
<i>Authorized</i>	880	880	910
<i>Filled</i>	835	807	838
Benefit Rate	75.86%	77.45%	75.80%

V. DERIVATION OF REQUEST / LEGISLATIVE CITATIONS / DISBURSEMENT CRITERIA

Derivation of Request:

The Fiscal Year 2021-2022 Governor's Executive Budget reflects a complement of 910 positions, consisting of 838 filled, 67 vacant, and five leave-without-pay positions. The increase from Fiscal Year 2020-2021 reflects the transfer of 30 positions from Children's health insurance program administration (CHIP) to County Administration Statewide.

The funding for operating expenses provides for leases, postage, printing, call center, and consulting contracts.

The funding for grant expenses provides for Supplemental Nutrition Assistance Program outreach and Health Information Technology projects.

Legislative Citations:

62 P.S. § 403

Article XXIII-A of the Insurance Company Law of 1921 (Act 2015-84); Title XXI of the Social Security Act, 42 U.S.C.A §§ 1397aa-1397mm

Disbursement Criteria:

This appropriation funds administrative costs for portions of the Office of Income Maintenance, Office of Medical Assistance Programs, Office of Administration, Office of Long-Term Living, Children's Health Insurance Program administration and the Office of Mental Health and Substance Abuse. Disbursements are made on the basis of approved positions, established employee benefits, and invoices submitted for operating expenses and fixed assets.

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

APPROPRIATION:
County Administration-Statewide

	<u>State \$</u>	<u>Federal \$</u>	<u>Other \$</u>	<u>Total \$</u>
PERSONNEL				
1. Net impact of changes in the number of filled and vacant salary positions, average bi-weekly and funded pay periods from Fiscal Year 2020 - 2021:	\$340	\$799	\$0	\$1,139
2. Reflects the amount of Children's Health Insurance Program (CHIP) administration funds to carry forward 28 filled and two vacant positions. These positions are a purposed transfer from CHIP personnel to CAS:	\$905	\$1,771	\$0	\$2,676
3. Provides for the annualization of an April 1, 2021 2.25 percent longevity increment (excludes the effect on employee benefits):	\$103	\$391	\$0	\$494
4. Reflects the net impact in the total cost of employee benefits, primarily employee health benefit and retirement contribution costs:	(\$51)	(\$62)	\$0	(\$113)
5. Reflects a change in Federal Financial participation in Fiscal Year 2020-2021:	\$2,217	(\$2,217)	\$0	\$0
Subtotal Personnel	\$3,514	\$682	\$0	\$4,196
OPERATING				
1. Provides \$0.939 million in new lease costs for the Office of Income Maintenance and the Office of Medical Assistance Programs:	\$441	\$498	\$0	\$939
2. Reflects the amount of CHIP administration funds which supports the operational costs associated with personnel transferred from CHIP to CAS:	\$416	\$445	\$0	\$861
3. Provides \$1.207 million for the relocation of the Office of Income Maintenance and the Office of Medical Assistance Programs:	\$567	\$640	\$0	\$1,207
4. Reflect an increase in eHealth operating costs primarily related to data analytics and the Truven contract:	\$265	\$83	\$0	\$348
5. Reflects a change in Federal Financial participation in Fiscal Year 2020-2021	\$178	(\$178)	\$0	\$0
Subtotal Operating	\$1,867	\$1,488	\$0	\$3,355

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

APPROPRIATION:
 County Administration-Statewide

	<u>State \$</u>	<u>Federal \$</u>	<u>Other \$</u>	<u>Total \$</u>
GRANTS & SUBSIDY				
1. Reflects an increase in the memorandum of understanding with the Department of Health for ARRA-HIT activity:	<u>\$0</u>	<u>\$850</u>	<u>\$0</u>	<u>\$850</u>
Subtotal Grant and Subsidy	\$0	\$850	\$0	\$850
BUDGETARY RESERVE				
1. Reflects an increase in the level of excess federal appropriation authority:	<u>\$0</u>	<u>\$3,711</u>	<u>\$0</u>	<u>\$3,711</u>
Subtotal Budgetary Reserve	\$0	\$3,711	\$0	\$3,711
TOTAL	<u><u>\$5,381</u></u>	<u><u>\$6,731</u></u>	<u><u>\$0</u></u>	<u><u>\$12,112</u></u>

COUNTY ADMINISTRATION - STATEWIDE

PROGRAM STATEMENT

This appropriation funds certain headquarters and field staff in the Office of Income Maintenance (OIM), Office of Medical Assistance Programs (OMAP), Office of Long-Term Living (OLTL), Office of Mental Health and Substance Abuse Services (OMHSAS), and Office of Administration (OA).

OFFICE OF INCOME MAINTENANCE

The functions of OIM funded in the County Administration–Statewide appropriation are housed within the Bureau of Program Evaluation, the Bureau of Program Support, the Bureau of Policy, and the Bureau of Operations.

The Bureau of Program Evaluation monitors and evaluates the accuracy of eligibility decisions in County Assistance Offices (CAOs), analyzes problem areas, and prepares plans to correct deficiencies in CAOs performance. The bureau is also responsible for satisfying major state and federal reporting requirements and ensuring accurate quality control and monitoring procedures. In addition, the bureau is responsible for the submission of Temporary Assistance for Needy Families (TANF) work participation data through the federal TANF Data Report, which includes efforts to ensure maximum hours of participation are recorded, to meet the federal work participation requirement.

The Bureau of Program Support provides administrative support to the other bureaus within OIM and serves as the liaison between those bureaus and other Department of Human Services (Department) offices. The bureau is responsible for budget and fiscal analysis, personnel administration, acquisition planning, space and equipment management, contract and grant monitoring, resolution of audits, management of the Electronic Benefits Transfer (EBT) System, and EBT risk management. The bureau conducts detailed financial monitoring and analyses and produces statistical monthly reports needed to support program administration decisions. The bureau is also responsible for the development, monitoring, and maintenance of OIM's automated information systems.

The Bureau of Policy is responsible for the analysis, interpretation, development, and maintenance of the regulatory base for federal and state-funded public assistance programs. The bureau is responsible for assuring program consistency and monitoring interactive effects among the various OIM programs. The bureau also develops procedures and provides policy clarifications to guide the application of regulations by staff in the CAOs.

The Bureau of Operations is responsible for the management of the CAOs whose staff members work to determine eligibility for programs designed to assist Pennsylvania's most vulnerable citizens. The programs that are managed by the CAOs include TANF Cash Assistance, Medical Assistance (MA), Supplemental Nutrition Assistance Program, Low-Income Home Energy Assistance Program and Employment & Training services. The bureau also has the primary responsibility for training new employees through a network of staff development sites as well as CAOs and providing training to all staff in the CAOs and district offices. The bureau operates offices in all 67 counties so that Pennsylvania's vulnerable citizens have a place where they can apply for benefits, renew existing benefits, and request supportive services. The bureau also operates a network of customer service centers that are designed to assist clients across the Commonwealth over the phone via a toll-free number. The bureau resolves client problems and answers questions received on the telephone hotline, in person, or in letters and electronic mail from clients, legislators, and the public.

OFFICE OF MEDICAL ASSISTANCE PROGRAMS

OMAP administers the jointly funded state/federal MA program and Children's Health Insurance Program (CHIP). Funded health care services include hospital care and a large array of outpatient services, which are provided through a Fee-for-Service (FFS) or capitated managed care delivery system. In fiscal year 2021-2021, CHIP Administration is proposed to be transferred into the County Administration - Statewide appropriation under OMAP. OMAP is responsible for developing and maintaining the policy and regulatory framework that supports the operation of the program; enrolling providers for participation; and reviewing prior authorized service requests for pharmacy, medical, and dental services; establishing rates or fees; reviewing, approving and processing invoices submitted by providers; and contracting with managed care organizations.

The Bureau of Policy, Analysis and Planning has overall administrative and management responsibility for policy development and planning for most MA program initiatives in both the FFS and capitated physical health managed care delivery systems. The bureau is responsible for policy-related activities impacting Pennsylvania's Medicaid program including analysis of proposed federal and state statutes and regulations, the development and issuance of administrative policy directives and the formal promulgation of regulations. The bureau is responsible for the development and maintenance of the Medicaid State Plan, and the HealthChoices Medicaid managed care waiver in accordance with federal requirements and state programmatic and budgetary initiatives.

The Bureau of Fee-for-Service Programs is responsible for functions that support the operation of the FFS delivery system. Operations include provider enrollment, managing provider relations, responding to billing inquiries, provider credentialing, recipient case management and reviewing prior authorized service requests for pharmacy, inpatient/outpatient medical and dental services. Utilization review activities also include medical review of admissions to hospitals and continued hospital stays.

The Bureau of Managed Care Operations is responsible for the oversight, management, and support of the physical health managed care organizations that provide comprehensive physical health services to recipients. This includes contract procurement and development, as well as operational compliance monitoring. The bureau also provides oversight of the quality management and special needs programs of the managed care organizations. The bureau manages the Independent Enrollment Assistance contract for recipient enrollment in mandatory managed care and the External Quality Review contract. This bureau oversees non-emergency medical transportation services provided through the MA Transportation Program. The bureau also assists in procurement, development, and monitoring of a technical assistance and consultant services contract that serves multiple areas within OMAP.

The Bureau of Data and Claims Management is the gatekeeper for all OMAP information technology initiatives. This bureau is responsible for control and oversight of the state Medicaid Management Information System known as PROMISe, which performs medical, dental, and pharmacy claims adjudication and payment, managed care capitation and encounter processing, as well as all data interfaces to and from contracted Managed Care Organizations. The bureau is also responsible for control and oversight for the MA Provider Incentive Repository System used for the federally funded electronic health record incentive program.

The Bureau of Fiscal Management provides financial management for the capitated managed care delivery system. The bureau also manages the hospital assessments, supplemental hospital payments, the Managed Care Organization assessment, and the federal Qualified Health Center program. The bureau is responsible for inpatient and outpatient FFS rate setting and financial management of the MA Transportation Program. The bureau supports the development of the capitation budget and manages OMAP's administrative, operating, and program budgets.

CHIP provides free or low-cost health insurance coverage to uninsured children under the age of 19 whose families earn too much to qualify for MA, but who cannot afford to purchase private insurance. Act 84 of 2015 transferred the administration of CHIP from the Pennsylvania Insurance Department to the Department of Human Services. The transfer of the program to the Department of Human Services allows for more coordination of services across

programs resulting in a holistic approach to services provided to CHIP members. CHIP Administration provides funding for administrative and overhead systems that support the operation of CHIP including funding for 30 positions.

The Pennsylvania eHealth Partnership Program is responsible for establishing and operating the state's electronic health information exchange, known in Pennsylvania as the PA Patient & Provider Network (P3N). Regional networks, known as health information organizations (HIO), are certified by the eHealth Partnership and connect to, the P3N. Health care providers, community service organizations and payers, in turn, connect to HIOs. The eHealth Partnership Program improve patient care by helping member organizations find their patients' medical information in real time, anywhere on the P3N. The network also enables better care coordination by alerting patient's care team when their patient encounters the health care system.

OFFICE OF LONG-TERM LIVING

OLTL is responsible for administration of a full continuum of services for older residents 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.

Institutional services are provided to eligible persons by nursing facilities certified in accordance with established standards to participate in the MA program. Pennsylvanians who are clinically eligible for a nursing facility can also receive services in the community through Community HealthChoices, the OBRA Waiver, or Living Independence for the Elderly.

OLTL is also responsible for developing and implementing policies and procedures for all providers of nursing facility and home and community-based services. This includes overseeing a system that offers a full range of cost-effective, quality services in the most appropriate setting; enrolling and certifying providers for MA participation; ensuring that nursing facilities continue to meet certification requirements established by state and federal regulations; and assuring that payments made to providers for services are allowable, reasonable and promote the delivery of quality services.

OFFICE OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES

OMHSAS has primary responsibility for program development, policy, and financial oversight of the delivery of behavioral health services in the Commonwealth, which includes mental health treatment services, and supports designated substance use disorder services. OMHSAS oversees the delivery of community mental health services administered by counties under the Pennsylvania Mental Health and Intellectual Disability Act of 1966 and the Mental Health Procedures Act of 1976. Direct mental health treatment services are also provided through the six state-operated hospitals and one restoration (long-term care) center. OMHSAS also manages, through county or direct contracts, the Behavioral Health HealthChoices Managed Care Program.

The Bureau of Policy and Program Development is responsible for performing a full range of planning and development functions. This includes managed care design and development, service system design and development, policy and program development, state and county planning and human resource development and training functions within the OMHSAS. The bureau also directs the development of new and revised OMHSAS regulations and policies, as well as new and revised nationally recognized service design and integrated behavioral systems models for county mental health systems. Along with other state agencies, OMHSAS directs the development of the Medicaid managed care waivers.

The Children's Behavioral Health Services Bureau is responsible for developing and implementing a comprehensive plan for servicing children and adolescents with behavioral health needs in the Commonwealth. Functions include program development, policy development, service monitoring, and working with the OMHSAS Children's Advisory Committee, family and youth advocates, as well as state

and local child serving systems.

The Division of Clinical Review and Consultation is responsible for the oversight, management and support of FFS programs that provide comprehensive behavioral health services to individuals. This includes prior authorizations for inpatient psychiatric services, inpatient drug and alcohol services, residential treatment for children and behavioral health rehabilitation services for children, and the review of individual cases for billing and eligibility accuracy.

OFFICE OF ADMINISTRATION

OA administers support functions for each of the program offices within the Department. These support functions include equal opportunity programs; hearings and appeals; financial operations; procurement and contract management; fraud and abuse recoveries; and administrative services. This appropriation funds the Bureau of Program Integrity (BPI) and Third-Party Liability (TPL).

The BPI has primary responsibility for monitoring providers, recipients and contracted managed care organizations for fraud, waste and abuse, and for adherence to federal and state program integrity regulations and policies. The bureau's staff review providers' medical and financial records to ensure that MA payments are valid, and the services rendered are medically necessary and appropriate. The bureau manages a Fraud and Abuse Detection System that is used to detect potential fraud, waste and abuse. Depending on the nature of the problem detected, the bureau requests restitution from the provider, requests corrective action, terminates the provider's participation, or in cases of suspected provider fraud, refers the case to the Medicaid Fraud Control Section of the Office of Attorney General. Recipients who are misusing or over-utilizing medical services are placed in the Recipient Restriction Program. Cases of suspected recipient fraud are referred to the Office of Inspector General.

The TPL Division is responsible for ensuring Medicaid is the payer of last resort. TPL maintains the integrity of the TPL data on the Client Information System and coordinates and monitors multiple data exchanges, which result in additions and updates of resource information. The health resources gathered through the exchanges are utilized for all health insurance cost avoidance and recovery activities performed by the division.

The TPL Division is also responsible for recovering cash benefits and MA expenditures against liable third parties, insurers, recipients and probate estates. The claim may be a result of a MA recipient being involved in a personal injury accident, medical malpractice suit, product liability suit, workers compensation claim, or assault. The claim may also be against the probate estate of certain deceased MA recipients. A significant volume of recoveries is performed post payment where other health insurance is identified after Medicaid has paid for the service.

TPL's Health Insurance Premium Payment Program identifies cases in which enrollment of a Medicaid recipient in an employer group health plan is more cost-effective than providing medical services through the MA Program. In addition, TPL collects premiums from MA clients who are required under the MA for Worker's with Disabilities Program to pay for their MA coverage.

Casualty recoveries occur when a MA recipient is injured, and liability is established through legal action or the recipient received a financial settlement from the liable party. TPL establishes its claim for any MA or cash benefits the recipient received because of the incident and recovers the funds. The estate recovery program enables the Commonwealth to recover from the estate of individuals who were 55 years of age or older at the time nursing facility services or home and community-based services were received.

The General Government Operations appropriation is used to provide administrative, technical, programmatic and clerical support to operate the Pennsylvania National Guard and Pennsylvania veterans.

Appropriation		Vendor PA County Code	Vendor	Commitment Item	Exp. and Commitments 2019-20	Exp. and Commitments 2020-21	Commitments for 2021-22
General Government Operations	10053	Allegheny	Ben Zytrick	Medical Supplies	\$28,988.50		
General Government Operations	10053	Allegheny	Duquesne Light	Electricity	\$116,981.25	\$40,888.88	
General Government Operations	10053	Allegheny	Pennsylvania American Water Cpry	Water and Sewerage	\$22,011.41	\$10,770.62	
General Government Operations	10053	Allegheny	Peoples Gas Company LLC	Heating Fuel	\$10,839.63	\$2,746.81	
General Government Operations	10053	Allegheny	Glassmere Fuel Service Inc	Heating Fuel	\$17,648.68	\$34,709.83	
General Government Operations	10053	Allegheny	Quality Mechanical Services Inc	ContRepairs-Non-EDP	\$5,677.94	\$65,251.33	
General Government Operations	10053	Allegheny	Allegheny County Airport Authority	Real Estate	\$53,668.99	\$30,876.72	\$30,876.72
General Government Operations	10053	Allegheny	W W Grainger Inc	Miscellaneous	\$747.21	\$22,870.81	
General Government Operations	10053	Allegheny	Peoples Natural Gas Company	Heating Fuel	\$61,037.75	\$11,350.46	
General Government Operations	10053	Allegheny	Red House Communications Inc	Advertising	\$6,792.11		
General Government Operations	10053	Allegheny	Growing Seasons LLC	ContMaint-Non-EDP	\$6,094.00	\$2,752.50	
General Government Operations	10053	Allegheny	Moon Township Municipal Authority	Water and Sewerage	\$8,051.88	\$5,830.20	
General Government Operations	10053	Allegheny	ABM Industries Inc	Real Estate	\$16,320.00	\$9,520.00	
General Government Operations	10053	Beaver	Findlay Township	Water and Sewerage	\$9,326.97		
General Government Operations	10053	Bedford	New Enterprise Stone & Lime Co Inc	Miscellaneous	\$13,128.63	\$95,889.58	
General Government Operations	10053	Bedford	Clark Contractors Inc	Erection or Remodeling		\$15,361.01	
General Government Operations	10053	Bedford	Clark Contractors Inc	Cap Improve-Bldgs/St	\$132,229.86		
General Government Operations	10053	Bedford	Clark Contractors Inc	Nonstructural Improve	\$118,603.48		
General Government Operations	10053	Berks	UGI Utilities Inc	Heating Fuel	\$234,501.17	\$60,805.71	
General Government Operations	10053	Berks	UGI Utilities Inc	Electricity	\$17,314.24	\$7,780.69	
General Government Operations	10053	Berks	Berkshire Systems Group Inc	ContMaint-Non-EDP	\$9,945.75	\$9,294.25	
General Government Operations	10053	Berks	Berkshire Systems Group Inc	ContRepairs-Non-EDP	\$104,081.29	\$83,472.50	
General Government Operations	10053	Berks	Pollock Research And Design	ContRepairs-Non-EDP	\$16,256.00		
General Government Operations	10053	Berks	UGI Energy Services LLC	Heating Fuel	\$23,909.03	\$2,739.18	
General Government Operations	10053	Berks	Pro Max Fence Systems LLC	ContRepairs-Non-EDP		\$7,044.03	
General Government Operations	10053	Blair	Mayer Electric Supply Company Inc	Miscellaneous	\$11,600.00	\$2,560.05	
General Government Operations	10053	Bucks	Set-Rite Corporation	ContRepairs-Non-EDP	\$4,722.50	\$3,039.00	
General Government Operations	10053	Bucks	Power Cool Inc	ContRepairs-Non-EDP	\$11,788.81	\$13,257.95	\$5,422.26
General Government Operations	10053	Bucks	M&M Lawncare East Inc	ContMaint-Non-EDP	\$16,876.25	\$12,468.75	
General Government Operations	10053	Cambria	Johnstown Cambria County	Real Estate	\$7,000.00	\$7,000.00	
General Government Operations	10053	Cambria	Kircon Breco Service LLC	ContRepairs-Non-EDP	\$297.00	\$26,863.25	
General Government Operations	10053	Chester	Ricoh USA Inc	Office Equipment	\$24,872.12	\$17,475.27	\$16,537.56
General Government Operations	10053	Chester	Phlips Brothers Electrical	ContRepairs-Non-EDP	\$6,000.00	\$1,108.75	
General Government Operations	10053	Chester	Cawley Environmental Services Inc	ContMaint-Non-EDP	\$41,593.75	\$41,557.23	\$5,262.50
General Government Operations	10053	Chester	Witmer Public Safety Group Inc	Other Equipment	\$68,260.00		
General Government Operations	10053	Chester	K Butler Enterprises LLC	ContMaint-Non-EDP		\$24,279.80	
General Government Operations	10053	Chester	Tri State Technical Sales Corporation	Miscellaneous	\$31,055.54		
General Government Operations	10053	Clearfield	Fullington Trailways LLC	Other Rentals/Leases		\$145,415.00	
General Government Operations	10053	Cumberland	Asplundh Tree Expert LLC	Miscellaneous	\$39,985.00		
General Government Operations	10053	Cumberland	Uniquesource Products And Services	ContMaint-Non-EDP	\$202,050.86	\$220,804.13	\$109,668.90
General Government Operations	10053	Cumberland	Uniquesource Products And Services	Miscellaneous		\$25,107.03	
General Government Operations	10053	Cumberland	Joseph A Cocciaardi & Associates Inc	Other Specialized Services	\$4,711.73	\$43,810.96	\$8,944.38
General Government Operations	10053	Cumberland	Pierson Computing Connection Inc	Hardware Serv Main	\$2,485.27	\$3,375.00	
General Government Operations	10053	Cumberland	Johnson Controls Fire Protection	ContMaint-Non-EDP	\$38,675.12	\$54,219.26	
General Government Operations	10053	Cumberland	H & N Landscaping LLC	ContMaint-Non-EDP	\$12,944.25	\$35,488.19	\$4,234.31
General Government Operations	10053	Dauphin	Graybar Electric Co Inc	Miscellaneous	\$287.95	\$14,508.74	
General Government Operations	10053	Dauphin	Cleveland Brothers Equipment	Machinery & Equipment		\$31,896.00	
General Government Operations	10053	Dauphin	Schaedler Yesco Distribution Inc	Miscellaneous	\$12,504.20	\$33,024.05	
General Government Operations	10053	Dauphin	Schaedler Yesco Distribution Inc	Machinery & Equipment		\$25,039.75	
General Government Operations	10053	Dauphin	George A Kint Inc	ContMaint-Non-EDP	\$34,984.35	\$65,425.40	
General Government Operations	10053	Dauphin	B & W Inc	ContRepairs-Non-EDP	\$77,781.75	\$168,867.79	\$13,668.74