

HOUSE FINANCE COMMITTEE

DIVISION III

OPERATING BUDGET ORIENTATION

February 2009

Office of Legislative Budget Assistant
Telephone Directory

Office Main Line

271-3161

Direct Lines

Division III

Mike Kane 271-3090

Jamie Locke 271-3068

OPERATING BUDGET PROCESS

Timeline of Activity

AGENCY PHASE:

May 1 – July 30:

Preliminary planning at the agency level including reviewing the budget organization structure, reviewing personnel information, identifying performance measures, and gathering performance measures.

July 28 – Sept 10:

Agency inputs budget data.

September 22:

Agency budget package due to the Department of Administrative Services.

October 1:

Agency budget requests available in accordance with RSA 9:4.

(Pursuant to Chapter 177:11, I, agency budget requests for the FY2010-2011 biennium were made available on October 15 rather than October 1 due to conversion to a new state financial accounting and statewide budget system.)

GOVERNOR'S PHASE:

November – December:

The Governor holds public hearings on the agency budget requests. Agency officials attend and testify in support of their requests.

February 15:

The Governor submits the Operating Budget to the general court no later than February 15 of each odd numbered year.

OPERATING BUDGET PROCESS

Timeline of Activity

LEGISLATIVE PHASE:

February 16 – February 28:

House Finance Committee:

The operating budget bill is written and usually incorporates the Governor's recommended Budget presented February 15. The sponsor of this bill is the Chairman of the Finance Committee, but sometimes the Chairman of Senate Finance Committee cosponsors the bill.

The Committee holds public hearings on the bill, then divides the bill by category of government and refers those sections to the Committee's Divisions.

March 1 – March 31:

House Finance Divisions I – III:

The Divisions meet with agencies to determine the Division's recommendations to the full committee. These recommendations are presented to the full committee for review and approval. When the bill passes this committee, the House votes to approve the bill and sends it to the Senate where is referred to the Senate Finance Committee.

Early April:

House Finance:

House Finance Division recommendations are presented to the full committee for review and approval. The committee bill is then passed to the full House. House Rule 48a requires a detailed briefing on the general budget bill be presented to the House at least two days before final action is taken on such a bill

Mid April:

Full House:

The full House reviews the bill that House Finance has produced and when approved, the bill is sent to the Senate.

Mid April:

Senate Finance Committee:

The Committee holds public hearings on the bill. The Committee will break into Divisions to work on the bill, with the Divisions presenting recommendations to the full Committee for review and approval.

The bill is approved by this Committee and the full Senate. If the bill has been amended, it is sent back to the House where the House can either concur, non concur, or non concur and request a Committee of Conference.

End of May:

Joint House and Senate Committee of Conference:

If a Committee of Conference is appointed, the Committee meets to work out differences between the House and Senate positions.

Beginning of June:

Committee of Conference Report Adopted

End of June:

Operating Budget Bill to the Governor to sign

CHAPTER 262, L'07 - THE OPERATING BUDGET FOR FY08/09

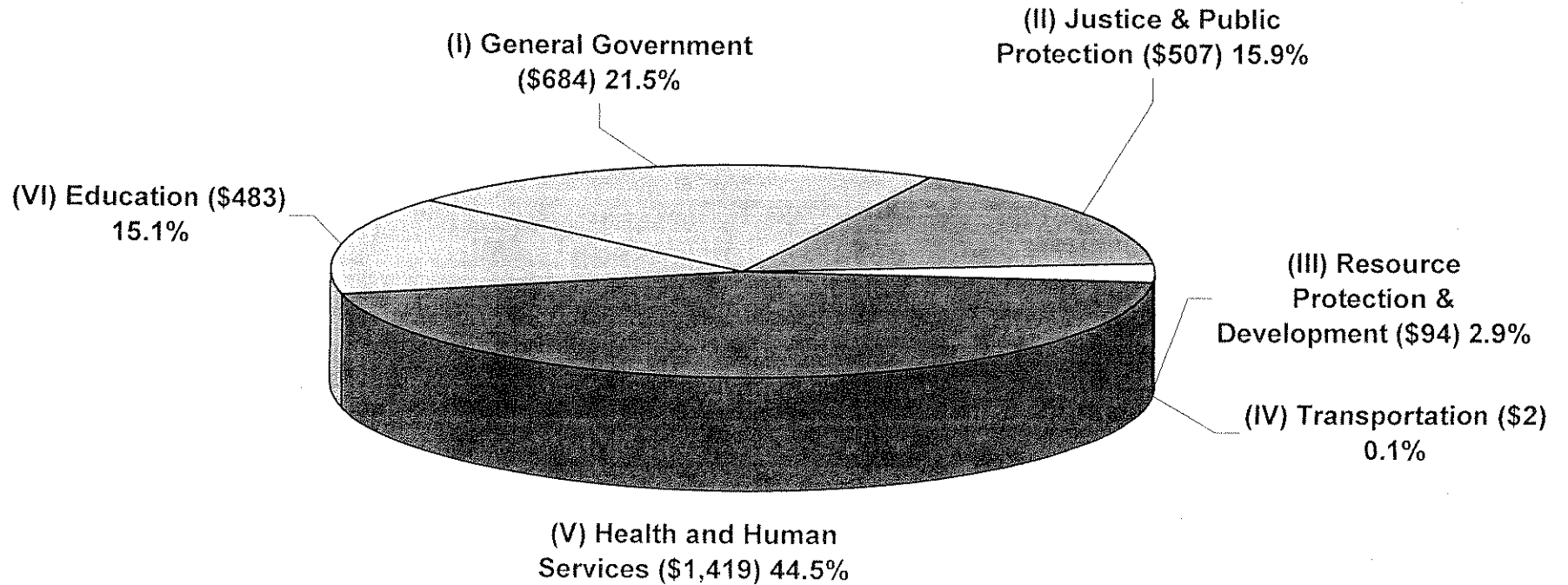
Total Appropriations by Category - General Funds

CATEGORY	FY 2008	FY 2009	BIENNIUM	% OF TOTAL
Category 1 - General Government	337,229,729	347,133,880	684,363,609	21.46%
Category 2 - Justice and Public Protection	250,770,266	256,750,420	507,520,686	15.91%
Category 3 - Resource Protection and Development	46,738,833	46,912,913	93,651,746	2.94%
Category 4 - Transportation	1,194,950	1,214,882	2,409,832	0.08%
Category 5 - Health and Social Services	690,596,696	728,389,659	1,418,986,355	44.49%
Category 6 - Education	237,302,514	245,351,289	482,653,803	15.13%
Total	1,563,832,988	1,625,753,043	3,189,586,031	100.00%

Total Appropriations by Category - All Funds

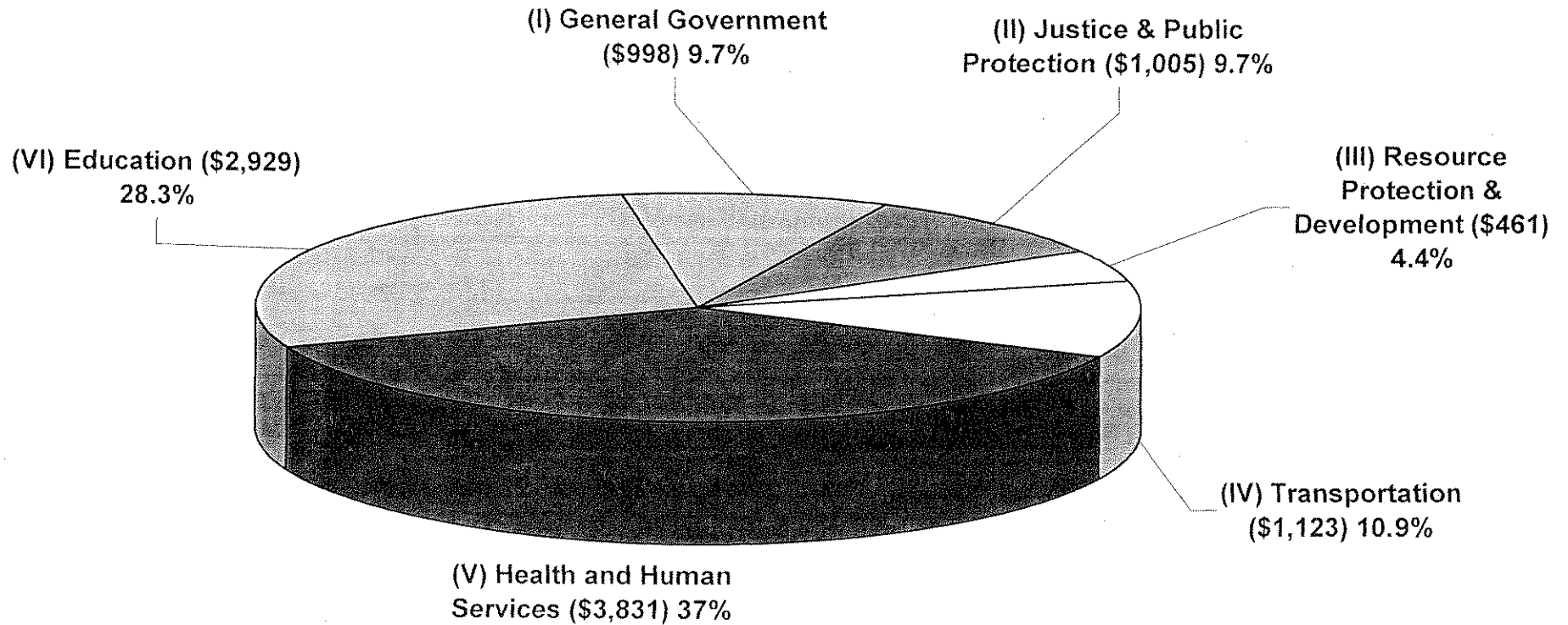
CATEGORY	FY 2008	FY 2009	BIENNIUM	% OF TOTAL
Category 1 - General Government	489,197,174	508,859,280	998,056,454	9.65%
Category 2 - Justice and Public Protection	497,656,860	507,586,534	1,005,243,394	9.72%
Category 3 - Resource Protection and Development	232,532,423	228,209,069	460,741,492	4.45%
Category 4 - Transportation	554,362,042	568,154,851	1,122,516,893	10.85%
Category 5 - Health and Social Services	1,878,467,014	1,953,022,702	3,831,489,716	37.03%
Category 6 - Education	1,458,949,429	1,470,180,444	2,929,129,873	28.31%
Total	5,111,164,942	5,236,012,880	10,347,177,822	100.00%

**CHAPTER 262, L'07 - THE OPERATING BUDGET FOR FY 08/09
GENERAL FUND APPROPRIATIONS BY CATEGORY \$3,189**



Source of Funds in Millions
LBAO
February 2009

CHAPTER 262, L'07 - THE OPERATING BUDGET FOR FY 08/09
TOTAL APPROPRIATIONS BY CATEGORY \$10,347



Source of Funds in Millions
LBAO
February 2009

CHAPTER 262, L'07 THE OPERATING BUDGET FOR FY 08/09 Top Five General Fund Programs in Each Budget Category

	<u>Category 1</u>	<u>Department</u>	<u>Program</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>Biennium</u>
1	01-08-04	Treasury	Debt Service	\$ 88,379,545	\$ 91,338,688	\$ 179,718,233
2	01-08-04	Treasury	Meals and Rooms Distribution	\$ 55,903,053	\$ 60,903,053	\$ 116,806,106
3	01-10-02	Retirement	Normal Contribution (Municipal)	\$ 53,306,968	\$ 55,554,921	\$ 108,861,889
4	01-04-01-07	Administrative Services	Retiree Health Insurance	\$ 39,100,000	\$ 43,985,000	\$ 83,085,000
5	01-08-04	Treasury	State Revenue Sharing	\$ 25,216,057	\$ 25,216,057	\$ 50,432,114
			Sub-total Category 1	\$ 261,905,623	\$ 276,997,719	\$ 538,903,342

	<u>Category 2</u>	<u>Department</u>	<u>Program</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>Biennium</u>
1	02-16-03	Corrections	NH State Prison for Men	\$ 30,541,876	\$ 31,115,936	\$ 61,657,812
2	02-13-04-03	Liquor	Store Operations	\$ 24,542,154	\$ 25,199,345	\$ 49,741,499
3	02-18-01	Judicial Council	Indigent Defense	\$ 20,360,646	\$ 21,709,754	\$ 42,070,400
4	02-16-08	Corrections	Berlin Prison	\$ 14,107,716	\$ 14,448,037	\$ 28,555,753
5	02-16-05	Corrections	Division of Medical and Forensic Services	\$ 13,566,513	\$ 13,825,656	\$ 27,392,169
			Sub-total Category 2	\$ 103,118,905	\$ 106,298,728	\$ 209,417,633

	<u>Category 3</u>	<u>Department</u>	<u>Program</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>Biennium</u>
1	03-04-02-01-02	Environmental Services	WSPC - State Aid Grants	\$ 11,500,000	\$ 11,500,000	\$ 23,000,000
2	03-03-05	DRED	Travel & Tourism	\$ 5,034,949	\$ 5,034,760	\$ 10,069,709
3	03-03-02	DRED	Division of Economic Development	\$ 3,317,644	\$ 3,347,926	\$ 6,665,570
4	03-04-04-02-01	Environmental Services	Landfill Closure Grants	\$ 2,000,000	\$ 2,000,000	\$ 4,000,000
5	03-04-02-03-04	Environmental Services	Public Water System Grants	\$ 1,697,363	\$ 1,368,221	\$ 3,065,584
			Sub-total Category 3	\$ 23,549,956	\$ 23,250,907	\$ 46,800,863

CHAPTER 262, L'07 THE OPERATING BUDGET FOR FY 08/09 Top Five General Fund Programs in Each Budget Category

	<u>Category 4</u>	<u>Department</u>	<u>Program</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>Biennium</u>
1	04-01-04-04-01	Transportation	Aeronautics-Administration & Support	\$ 649,808	\$ 665,024	\$ 1,314,832
2	04-01-04-03-02	Transportation	Railroad	\$ 332,142	\$ 336,858	\$ 669,000
3	04-01-04-03-01	Transportation	Public Transportation	\$ 208,000	\$ 208,000	\$ 416,000
4	Various	Transportation	Various	\$ 5,000	\$ 5,000	\$ 10,000
			Sub-total Category 4	\$ 1,194,950	\$ 1,214,882	\$ 2,409,832

	<u>Category 5</u>	<u>Department</u>	<u>Program</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>Biennium</u>
1	05-01-02-01-03	DHHS - Medicaid	Provider Payments	\$ 183,454,702	\$ 203,582,295	\$ 387,036,997
2	05-01-10-01	DHHS - Dev. Services	Developmental Services	\$ 90,918,719	\$ 96,836,583	\$ 187,755,302
3	05-01-08-04-01	DHHS - Elderly & Adult	Nursing Services	\$ 76,601,890	\$ 52,373,097	\$ 128,974,987
4	05-01-09-04-01	DHHS - Behavioral Health	Community Mental Health	\$ 47,644,801	\$ 50,399,450	\$ 98,044,251
5	05-01-12	DHHS - Behavioral Health	New Hampshire Hospital	\$ 46,538,596	\$ 48,021,974	\$ 94,560,570
			Sub-total Category 5	\$ 445,158,708	\$ 451,213,399	\$ 896,372,107

	<u>Category 6</u>	<u>Department</u>	<u>Program</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>Biennium</u>
1	06-06	USNH	University System	\$ 96,000,000	\$ 100,000,000	\$ 196,000,000
2	06-03-02-02-02	Education	Building Aid	\$ 44,308,037	\$ 44,068,069	\$ 88,376,106
3	06-03-02-02-02	Education	Catastrophic Aid	\$ 33,968,831	\$ 34,287,167	\$ 68,255,998
4	06-04	NH Comm. Tech. Colleges	Community Technical Colleges	\$ 33,706,780	\$ 34,625,817	\$ 68,332,597
5	06-03-02-02-02	Education	Tuition & Transportation Aid	\$ 6,625,564	\$ 8,055,689	\$ 14,681,253
			Sub-total Category 6	\$ 214,609,212	\$ 221,036,742	\$ 435,645,954

Total Top 5 from each Category	\$ 1,049,537,354	\$ 1,080,012,377	\$ 2,129,549,731
Percentage of State Totals	67.1%	66.4%	66.8%
Statewide Total General Funds	\$ 1,563,832,988	\$ 1,625,753,043	\$ 3,189,586,031

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CHAPTER 262, L'07 - THE OPERATING BUDGET FOR FY08/09

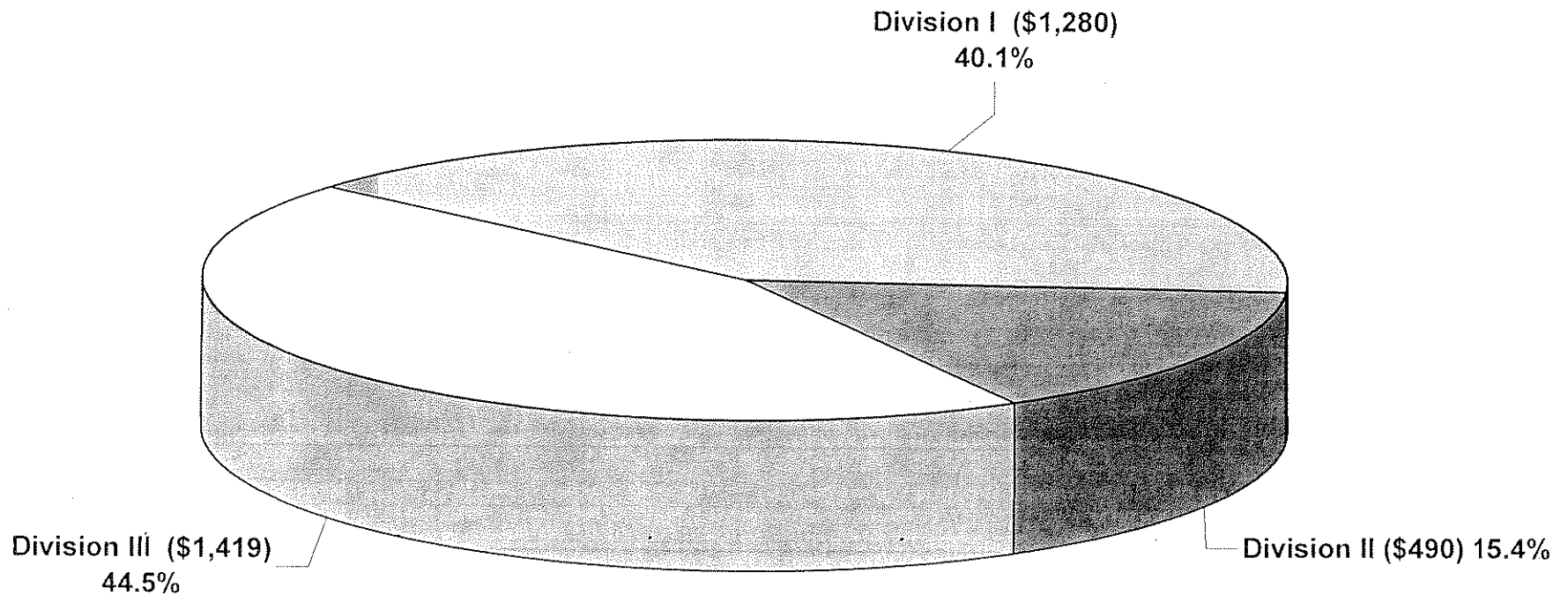
Appropriations by Division - General Funds

CATEGORY	FY 2008	FY 2009	BIENNIUM	% OF TOTAL
Division I - Categories 1, 2, & 3 (except Safety and Fish & Game)	632,018,560	648,032,259	1,280,050,819	40.13%
Division II - Categories 4 & 6, Safety, Fish & Game	241,217,732	249,331,125	490,548,857	15.38%
Division III - Category 5	690,596,696	728,389,659	1,418,986,355	44.49%
Total	1,563,832,988	1,625,753,043	3,189,586,031	100.00%

Appropriations by Division - All Funds

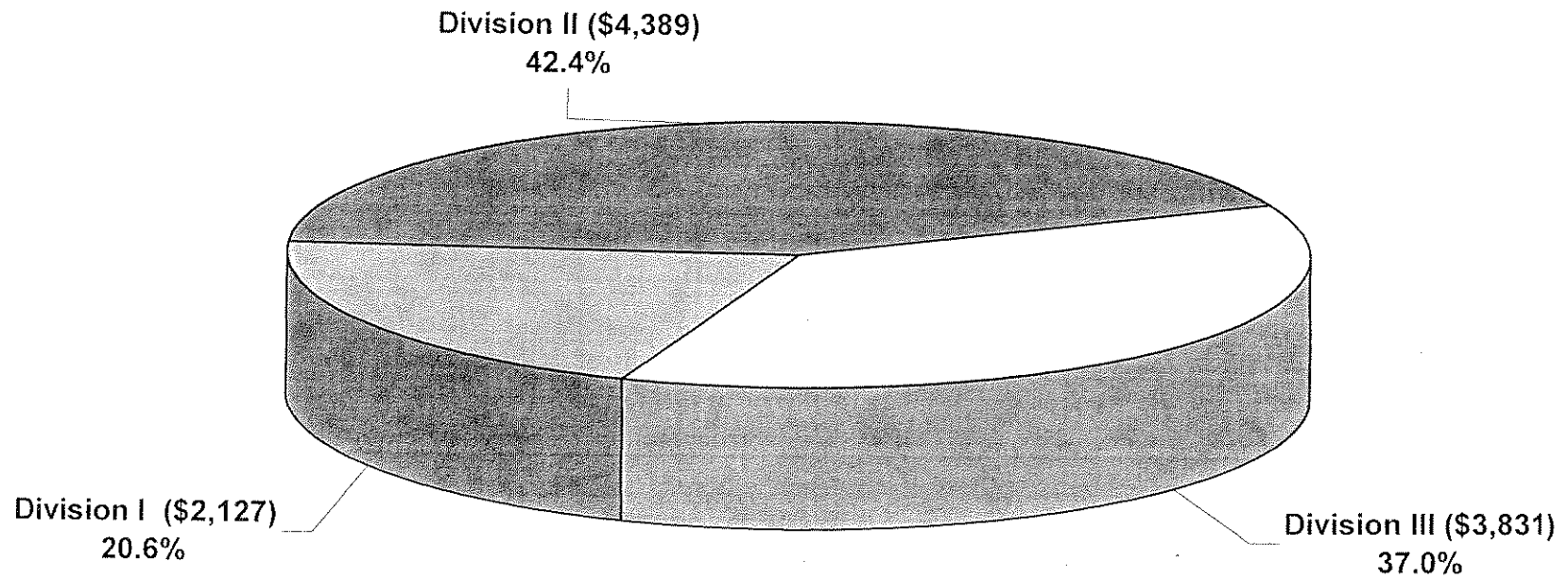
CATEGORY	FY 2008	FY 2009	BIENNIUM	% OF TOTAL
Division I - Categories 1, 2, & 3 (except Safety and Fish & Game)	1,050,712,152	1,076,381,223	2,127,093,375	20.56%
Division II - Categories 4 & 6, Safety, Fish & Game	2,181,985,776	2,206,608,955	4,388,594,731	42.41%
Division III - Category 5	1,878,467,014	1,953,022,702	3,831,489,716	37.03%
Total	5,111,164,942	5,236,012,880	10,347,177,822	100.00%

**CHAPTER 262, L'07 - THE OPERATING BUDGET FOR FY 08/09
GENERAL FUND APPROPRIATIONS BY DIVISION \$3,189**



Source of Funds in Millions
LBAO
February 2009

CHAPTER 262, L'07 - THE OPERATING BUDGET FOR FY 08/09
TOTAL APPROPRIATIONS BY DIVISION \$10,347



Source of Funds in Millions
LBAO
February 2009

CHAPTER 262, L'07 - THE OPERATING BUDGET FOR FY08/09

Division III by Agency - General Funds

						% OF DIVISION
						TOTAL
ROW	PAU	AGENCY/DEPARTMENT	FY 2008	FY 2009	BIENNIUM	
1	05-01-02	OFFICE OF MEDICAID & BUSINESS POLICY	195,828,380	215,080,601	410,908,981	28.96%
2	05-01-10	BUREAU OF DEVELOPMENTAL SERVICES	94,970,550	101,023,213	195,993,763	13.81%
3	05-01-08	BUREAU OF ELDERLY & ADULT SERVICES	91,320,654	68,246,991	159,567,645	11.25%
4	05-01-06	DIVISION FOR CHILDREN, YOUTH & FAMILY	57,410,637	68,308,004	125,718,641	8.86%
5	05-01-09	BUREAU OF BEHAVIORAL HEALTH	55,019,727	58,006,646	113,026,373	7.97%
6	05-01-12	NEW HAMPSHIRE HOSPITAL	46,538,596	48,021,974	94,560,570	6.66%
7	05-01-07	DIVISION OF FAMILY ASSISTANCE	34,488,208	44,306,106	78,794,314	5.55%
8	05-01-01	OFFICE OF THE COMMISSIONER	34,692,000	35,730,174	70,422,174	4.96%
9	05-01-05	DIVISION OF PUBLIC HEALTH SERVICES	24,881,801	29,244,220	54,126,021	3.81%
10	05-01-11	DIVISION FOR JUVENILE JUSTICE SERVICES	16,969,545	20,857,893	37,827,438	2.67%
11	05-01-13	GLENCLIFF HOME FOR THE ELDERLY	12,538,516	12,770,514	25,309,030	1.78%
12	05-02	VETERANS HOME	11,749,703	11,292,175	23,041,878	1.62%
13	05-01-03	OPERATIONS SUPPORT & PROGRAM INTEGRITY	7,532,140	7,575,822	15,107,962	1.06%
14	05-05	HHS-ADMIN ATTACHED BOARDS	3,654,975	3,658,488	7,313,463	0.52%
15	05-01-04	DIVISION OF CHILD SUPPORT SERVICES	2,613,385	3,868,179	6,481,564	0.46%
16	05-03	VETERANS COUNCIL	387,879	398,659	786,538	0.06%
17		TOTAL	690,596,696	728,389,659	1,418,986,355	100.00%

CHAPTER 262, L'07 - THE OPERATING BUDGET FOR FY08/09

Division III by Agency - All Funds

ROW	PAU	AGENCY/DEPARTMENT	FY 2008	FY 2009	BIENNIUM	% OF DIVISION TOTAL
1	05-01-08	BUREAU OF ELDERLY & ADULT SERVICES	414,694,448	426,488,707	841,183,155	21.95%
2	05-01-02	OFFICE OF MEDICAID & BUSINESS POLICY	386,401,690	414,891,732	801,293,422	20.91%
3	05-01-01	OFFICE OF THE COMMISSIONER	243,660,943	242,840,175	486,501,118	12.70%
4	05-01-10	BUREAU OF DEVELOPMENTAL SERVICES	215,238,311	228,031,559	443,269,870	11.57%
5	05-01-06	DIVISION FOR CHILDREN, YOUTH & FAMILY	141,805,460	145,387,323	287,192,783	7.50%
6	05-01-09	BUREAU OF BEHAVIORAL HEALTH	115,345,517	121,315,314	236,660,831	6.18%
7	05-01-05	DIVISION OF PUBLIC HEALTH SERVICES	99,996,831	103,130,420	203,127,251	5.30%
8	05-01-07	DIVISION OF FAMILY ASSISTANCE	93,231,046	96,502,168	189,733,214	4.95%
9	05-01-12	NEW HAMPSHIRE HOSPITAL	69,739,667	71,916,336	141,656,003	3.70%
10	05-01-11	DIVISION FOR JUVENILE JUSTICE SERVICES	26,668,298	27,280,711	53,949,009	1.41%
11	05-02	VETERANS HOME	25,672,636	27,012,034	52,684,670	1.38%
12	05-01-04	DIVISION OF CHILD SUPPORT SERVICES	15,213,008	17,039,001	32,252,009	0.84%
13	05-01-03	OPERATIONS SUPPORT & PROGRAM INTEGRITY	13,577,614	13,736,657	27,314,271	0.71%
14	05-01-13	GLENCLIFF HOME FOR THE ELDERLY	12,617,234	12,852,204	25,469,438	0.66%
15	05-05	HHS-ADMIN ATTACHED BOARDS	4,216,432	4,199,702	8,416,134	0.22%
16	05-03	VETERANS COUNCIL	387,879	398,659	786,538	0.02%
17		TOTAL	1,878,467,014	1,953,022,702	3,831,489,716	100.00%

State of New Hampshire
10 Year History of Authorized Positions - Division III
(Fiscal Years 1998 through 2007)

	Agency Name	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
1											
2	Health and Human Services (HHS)	3,339	3,343	3,328	3,369	3,436	3,455	3,335	3,291	3,316	3,228
3	Class 10 Positions	3,206	3,206	3,191	3,191	3,194	3,183	3,067	3,028	3,281	3,197
4	Class 59 Positions	133	137	137	178	242	272	268	263	35	31
5											
6	HHS - Admin. Attached Boards	33	33	36	36	37	37	38	38	40	37
7	Class 10 Positions	27	27	30	30	31	31	32	32	39	37
8	Class 59 Positions	6	6	6	6	6	6	6	6	1	0
9											
10	Veteran's Council	4	4	4	4	4	4	4	4	5	5
11	Class 10 Positions	4	4	4	4	4	4	4	4	5	5
12	Class 59 Positions	0	0	0	0	0	0	0	0	0	0
13											
14	Veteran's Home	148	148	150	150	168	237	251	253	332	369
15	Class 10 Positions	148	148	150	150	168	237	251	251	328	369
16	Class 59 Positions	0	0	0	0	0	0	0	2	4	0
17											
18	Total Authorized Positions	3,524	3,528	3,518	3,559	3,645	3,733	3,628	3,586	3,693	3,639
19	Total Class 10 Positions	3,385	3,385	3,375	3,375	3,397	3,455	3,354	3,315	3,653	3,608
20	Total Class 59 Positions	139	143	143	184	248	278	274	271	40	31
21	Source: Department of Administrative Services, 10 Year Personnel Analysis.										
22											
23											
24		CY 98	CY 99	CY 00	CY 01	CY 02	CY 03	CY 04	CY 05	CY 06	CY 07
25	New Hampshire Population	1,185	1,201	1,236	1,259	1,275	1,288	1,306	1,315	1,315	1,315
26	(amounts in thousands)										
27	Source: Office of State Planning, NH State Data Center Estimates, Population Estimates.										

DIVISION III
HIGH PROFILE ITEMS

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- Division for Children, Youth and Families - Child and Family Services
- Division of Family Assistance - Temporary Assistance for Needy Families (TANF)
- Bureau of Elderly and Adult Services –
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 - Nursing Services
 - MQIP
 - Proshare
 - Budget Neutrality
- Bureau of Behavioral Health - State Mental Health Institutions
- Bureau of Behavioral Health - Community Mental Health Services
- Bureau of Developmental Services - Developmental Services

**DIVISION III
HIGH PROFILE ITEMS**

Category 5

Office of the Commissioner - Uncompensated Care Fund

Disproportionate Share Hospital (DSH) payments were authorized by the federal government in the early 1980's as a form of relief to public hospitals that served a disproportionate share of indigent patients. The purpose of these payments was for the Medicaid program to help with the cost of care for these patients. In New Hampshire, general and rehabilitation hospitals are required to pay the state a 5.5% Medicaid Enhancement Tax (also known as the Hospital Tax) on net patient services revenue according to RSA 84-A. The state then makes disproportionate share payments back to the hospitals equal to the amount collected through the "Hospital Tax" and claims 50% Medicaid reimbursement for the expenditure. As a result of this process, an amount equal to the 50% of disproportionate share payments is deposited as unrestricted revenue into the state general fund. Unrestricted revenue totaled \$91.6M in FY 2008, and totaled \$89.9M in FY 2009 (as of December 31, 2008).

Office of Medicaid and Business Policy - Medicaid Provider Payments

The largest account in the DHHS budget and the Medicaid program, this account includes payments for medical services provided to Medicaid recipients, the Children's Health Insurance Program (CHIP), Catastrophic Aid payments to hospitals, and the Medicaid program for employed adults with disabilities (MEAD). Costs are driven by eligibility levels for state programs and the rates paid for services and prescription drugs. Over \$387M was appropriated to Medicaid Provider Payments for the FY 2008-2009 biennium.

DIVISION III HIGH PROFILE ITEMS

Division of Public Health Services - Governor's Commission on Alcohol and Drug Abuse Prevention / Alcohol Abuse Prevention and Treatment Fund

RSA 176:16,II requires a percentage of the profits derived by the Liquor Commission be placed into a continually appropriated, non-lapsing special fund for alcohol education and abuse prevention and treatment programs. Chapter 263:11 Laws of 2007 suspended the provisions of this law for the biennium ending June 30, 2009 and profits were deposited into the general funds of the state. The Governor's Commission received state general fund appropriations of \$9.7M for the FY 2008-2009 biennium. However, Executive Order reductions reduced these appropriations by approximately \$2.1M over the biennium.

Division of Public Health Services - Tobacco Use Prevention Fund/New Hampshire Comprehensive Cancer Plan Fund

The Tobacco Use Prevention Fund was repealed by Chapter 263:112-116, Laws of 2007, however, the Tobacco Use Prevention Program remained in statute (RSA 126-K:15). Chapter 263:96, Laws of 2007 established a non-lapsing continually appropriated Comprehensive Cancer Plan Fund. DHHS is authorized to accept public sector and private sector grants, gifts, donations, and appropriations for deposit into the fund. Expenditures from the fund are to be allocated 67.4% towards the state tobacco use prevention program which shall be expended by the department for tobacco use prevention and cessation programs as provided in RSA 126-K:15; 2.5% towards diet and exercise programs; 5.9% towards early detection and screening programs for breast and cervical cancer; 17.6% percent towards early detection and screening programs for colorectal cancer; 1.2% percent towards survivorship and cancer support for those affected by prostate cancer; 2.2% to identify and promote treatment and support services for survivors; and 3.2% to minority oversampling data for information on behavioral risk and cancer rates. The Comprehensive Cancer Plan Fund is scheduled to be repealed on June 30, 2011.

DIVISION III HIGH PROFILE ITEMS

Division for Children, Youth and Families - Child and Family Services

A major program which provides foster care, adoption, residential and social services to children. Chapter 263, Laws of 2007 made major changes to the cost sharing arrangement between the State and counties. The Federal Medicaid program pays for 50% of the total costs, while the State and counties are responsible for the non-federal share (50%). Under the current arrangement, the State is responsible for 100% of the non-federal share of costs for juvenile services (as well as portions of certain other long-term care services), and the counties are responsible for 100% of the non-federal share of nursing home and home and community based care (HCBC) services.

Division of Family Assistance - Temporary Assistance for Needy Families (TANF) New Hampshire receives a \$38 million block grant and must spend \$32 million as maintenance of effort. The purposes of the program are:

- Assisting needy families so that children can be cared for in their own homes.
- Reducing dependency of needy parents by promoting job preparation, work and marriage.
- Preventing out-of-wedlock pregnancies.
- Encouraging the formation and maintenance of two-parent families.

Due to the current economic conditions, the Department is experiencing higher than projected TANF caseloads in FY 2009. The Department anticipates this growth will continue into the FY 2010-2011 biennium.

Bureau of Elderly and Adult Services –

- County-State Cost Sharing - Chapter 263, Laws of 2007 made major changes to the cost sharing arrangement between the State and counties. The Federal Medicaid program pays for 50% of the total costs, while the State and counties are responsible for the non-federal share (50%). Under the current arrangement, the State is responsible for 100% of the non-federal share of costs for juvenile services (as well as portions of certain other long-term care services), and the counties are responsible for 100% of the non-federal share of nursing home and home and community based care (HCBC) services. Billings to counties are capped in RSA 167:18-a at \$103M in FY 2009, and \$105M in FY 2010, with caps for FY 2011 and beyond to be established by the Legislature on a biennial basis. Counties also receive an

DIVISION III HIGH PROFILE ITEMS

aggregate credit of \$5M against amounts due, and are “held harmless” in FY 2009 and FY 2010 from paying more than they would have been responsible for under the previous cost sharing arrangement.

- Nursing Services – Nursing Services represents a major component of the Medicaid program that pays for medical services and long term care for elderly in nursing homes, mid-level care, and home care arrangements.
- MQIP - The appropriation for the Medicaid Quality Incentive Program (MQIP) and the revenue from the Nursing Facility Quality Assessment (also known as the Bed Tax) are contained in this PAU. The Bed Tax is a 5.5% assessment on a nursing facility’s net patient services revenues which is assessed and collected by the Department of Revenue Administration (DRA). DRA then transfers the amounts collected to DHHS which are used to obtain federal matching funds and provide supplemental rate payments to the nursing facilities based on services provided to Medicaid patients. Supplemental rate payments totaled \$69.4M in FY 2008, and were budgeted at \$73.9M in FY 2009.
- Proshare –The Proportionate Share (Proshare) program provides additional federal funds to county owned nursing facilities for services provided to Medicaid patients. Funds are used to make up the difference between rates paid to the facilities and the Medicare Upper Payment Limit (MUPL) for the services provided. Proshare payments totaled \$18.2M in FY 2008, and were budgeted at \$24.3M in FY 2009.
- Budget Neutrality – When determining Medicaid rates paid to nursing facilities, the Department is allowed by their State Plan with CMS to apply a budget neutrality factor to the rates in order to ensure that they do not overspend their available appropriations. The Department sets nursing facility rates in August and February of each fiscal year by estimating total expenditures based on the cost of providing nursing services at each facility and projected nursing home bed utilization. If the Department estimates total nursing services expenditures will exceed available appropriations, they apply a budget neutrality factor (rate reduction). For example, if the Department estimates total nursing services expenditures will total \$200M while appropriations total \$180M, they will apply a budget neutrality factor in order to reduce total expenditures by \$20M (\$200M total - \$180M appropriation). In this instance, the budget neutrality factor applied to each nursing facility’s Medicaid rate would be 10% ($\$20M/\$200M = 10\%$). State Operating

DIVISION III HIGH PROFILE ITEMS

Budget appropriation amounts for nursing services is one factor that affects the budget neutrality factor applied to each nursing facilities Medicaid rate.

Bureau of Behavioral Health - State Mental Health Institutions

New Hampshire Hospital (NHH) and Glenclyff Home for the Elderly are state facilities that serve individuals with mental illness.

Bureau of Behavioral Health - Community Mental Health Services

Mental health services are provided in communities by agencies under contract with the state. This is a major program and significant part of the Medicaid program.

Bureau of Developmental Services - Developmental Services

Community based services are provided to developmentally disabled citizens and their families through the area agencies established in RSA 171-A. This is also a major program and a significant part of the Medicaid program. The state has established a prioritized list of people who are eligible, but not receiving services. This is referred to as the "DD Waitlist" and a separate appropriation is made to provide services to people on the waiting list. Approximately \$24.1M in total funds (50% state general funds/50% federal funds) were budgeted for the FY 2008-2009 biennium. These appropriations, as well as the passage of Chapter 363, Laws of 2007 (SB 138) aimed to eliminate the DD Waitlist by June 30, 2010. The Department states funds appropriated in the FY 2008-2009 biennium allowed 479 individuals to be provided with necessary services. However, the Department states as of June 30, 2008 there were 257 individuals on the DD Waitlist with 181 individuals projected to be added during FY 2009, and another 210 during FY 2010-2011. The Department's agency budget request indicated that \$47.3M in total funds would be needed over the biennium for DD Waitlist expenditures.

**House Finance Committee - Division III
Checklist of State Agencies**

ROW	ACCOUNTING UNIT	AGENCY/DEPARTMENT	PLANNED COMPLETION DATE	COMPLETED	BRIEFING TO FULL COMMITTEE	ADOPTED BY FULL COMMITTEE	BRIEFING TO FULL HOUSE	ADOPTED BY FULL HOUSE
1	05-95	OFFICE OF THE COMMISSIONER					TWO DAYS PRIOR TO FULL HOUSE VOTE	
2	05-95	OFFICE OF MEDICAID & BUSINESS POLICY						
3	05-95	OPERATIONS SUPPORT & PROGRAM INTEGRITY						
4	05-95	DIVISION OF CHILD SUPPORT SERVICES						
5	05-95	DIVISION OF PUBLIC HEALTH SERVICES						
6	05-95	DIVISION FOR CHILDREN, YOUTH & FAMILY						
7	05-95	DIVISION OF FAMILY ASSISTANCE						
8	05-95	BUREAU OF ELDERLY & ADULT SERVICES						
9	05-95	BUREAU OF BEHAVIORAL HEALTH						
10	05-95	BUREAU OF DEVELOPMENTAL SERVICES						
11	05-95	DIVISION FOR JUVENILE JUSTICE SERVICES						
12	05-43	VETERANS HOME						
13	05-66	VETERANS COUNCIL						
14	05-74	HHS-ADMIN ATTACHED BOARDS						