

## Wyoming Department of Health: 2023-2024 Budget Summary

**December 2021**

For the 2022 Budget Session, the Department requested exceptions totaling \$73.6M in State General Funds, \$38.0 million in Other Funds, and \$103.4 million in Federal Funds.

The Governor recommended that \$15.7 million in General Funds\*, \$38.1 million in Other Funds and \$74.4 million in Federal Funds be approved. These are broken down in Table 1, below, by thematic category.

**Table 1:** Exception requests by category and fund

Category	Description	WDH Request SGF	Governor's Recommendation		
			SGF	OF	FF
Budget cut restoration - ARPA MOE	Maintenance of effort required for Home and Community Based Services ARPA funds	\$30,671,441	\$0*	\$0	\$17,500,000
Budget cut restoration	Restoration of selected Step 3 budget reductions, per legislative direction	\$17,152,429	\$8,249,682*	\$4,378,861	\$8,902,747
Provider rate increases	I/DD providers, preschools, nursing homes	\$18,529,665	\$1,098,275	\$0	\$0
Veterans' Home	Staffing for new nursing home cottages	\$5,148,724	\$5,148,724	\$0	\$0
Medicaid infrastructure	Planned system upgrades to care management, eligibility and Health Information Exchange	\$1,580,259	\$1,580,259	\$400,000	\$8,378,025
Medicaid policy shift	Federal compliance; implementation of ground ambulance UPL, and school-based services	\$1,800,000	\$1,800,000	\$7,000,000	\$5,200,000
ARPA - Older Americans Act	State match for ARPA dollars available in OAA/senior centers	\$957,308	\$0	\$0	\$0
Safety and compliance	WDH facility expenditures to increase patient safety and compliance.	\$170,000	\$170,000	\$1,121,716	\$0
Budget true-up	FF and OF appropriations to eliminate routine B-11s	\$0	\$0	\$25,302,500	\$33,064,170
Administrative	HR centralization, misc. position moves, ETS technology replacement	-\$2,372,630	-\$2,372,630	-\$162,413	\$1,319,587
<b>Total</b>		<b>\$73,637,196</b>	<b>\$15,674,310</b>	<b>\$38,040,664</b>	<b>\$74,364,529</b>

\* Note that the Governor is recommending the Department use SGF reversions from this biennium to fund a total of \$26.4 million from these two categories.

## **Budget cut restoration - ARPA MOE: ~\$30.7 million SGF (Governor’s SGF Rec: \$0)**

The department received enhanced federal match for Medicaid home and community based services as part of the American Rescue Plan Act (ARPA) legislation. These additional funds come with a “maintenance of effort” (MoE) requirement, which is why we are making this budget request across a few categories, including:

- DD waiver reimbursements;
- Children’s mental health waiver; and,
- Long-term care / community choices waiver.

If this funding is not authorized, the department would lose approximately \$17 million in federal funding.

## **Budget Cut Restorations: ~\$17.1 million SGF (Governor’s SGF Rec: ~\$8.3 million)**

Several “Step 3” budget reductions were ‘enacted’ in the 2021 General Session. However, with some, the Legislature restored the funding for Fiscal Year 2022 and directed us to request the funds for the 2023-2024 biennium. These included:

- **Wyoming Home Services – Legislative Corrections.** This is a small state general fund program that provides some support to seniors to be able to stay in their homes longer. The legislature accidentally defunded this program for 2023-2024 and also inadvertently failed to provide funds for the remainder of the current biennium. Accordingly, we have two requests to main the normal funding for this program.<sup>†</sup>
- **Medicaid.** Various proposed Step 3 cuts to Medicaid were added back to the WDH budget for the remainder of the current biennium, with direction to ask for the funding back if needed in the subsequent session. These include a 2.5% across the board rate reduction to most providers, as well as dental and vision coverage for adults.
- **Early Intervention and Education Program.** Part of the department’s proposed reduction to EIEP ended up being financed on a one-time basis with school foundation program funding. If this funding is not identified with another source, a budget cut will be enacted. Note that the Governor’s recommendation for this request leverages School Foundation Program funding again.

## **Provider Rate Increases: ~\$18.5 million SGF (Governor’s SGF Rec: ~\$1.1 million)**

Our ‘Provider Rate Increases’ category includes a variety of exception requests related to how much the department pays various providers for delivering services throughout Wyoming communities. Some provider rate rebasing efforts/studies – like developmental disability provider rates – are required by statute to be completed on a regular basis.

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<sup>†</sup> Note that we have been in discussions with the federal government on potential options to integrate Wyoming Home Services into a Medicaid waiver-like program that could increase federal funding and potentially sustain this program and its clients in out years.

Notable requests in this category include:

- **Nursing Homes.** Options for increasing Medicaid nursing home reimbursement ‘cost coverage.’ Currently, Medicaid rates cover approximately 83.44% of nursing home costs.‡ Every 1% of rate increase will cost approximately \$1.1 million in state general funds.
- **DD Waiver.** Rate increase for developmental disability (DD Waiver) providers, resulting from the most recent rate rebasing study. Total request is approximately \$7.8 million in state general funds. Note that this request is not needed for at least one fiscal year if the above \$17.5 million SGF request is approved for the ARPA MOE).
- **Early Intervention and Education Program.** Placeholder for the upcoming EIEP child count and a statutorily required external cost adjustment (ECA) for the EIEP program.

### **Veterans’ Home Staffing: ~\$5.1 million SGF (Governor’s SGF Rec: ~\$5.1 million)**

The department is currently in the process of completing construction of a skilled nursing facility on the Veterans’ Home campus in Buffalo.

We are requesting funding for 36 positions to staff the new facility, which will be complete in July of 2022. The facility will ultimately be cash-flow positive and SGF neutral.

### **Medicaid Infrastructure: ~\$1.6 million SGF (Governor’s SGF Rec: ~\$1.6 million)**

The department is making various requests to invest in Medicaid infrastructure. Requests include:

- Legislatively-required authorization requests for an occupied AWEC position.
- System maintenance (generally funded at 90% federal funds); much of this is federally required.
- Extension to the Northern Arapaho tribal services contract.

Total state general fund request is ~\$2 million, with approximately \$9 million in accompanying federal funds.

### **Medicaid Policy Shifts: ~ \$1.8 million SGF (Governor’s SGF Rec: ~\$1.8 million)**

The department is making a few requests due to changes in Medicaid policy, either at the federal level or through legislation passed in Wyoming, including:

- **WDH/DFS impacts from federal policy change.** Due to federal changes, residential treatment centers and BOCES may be classified as ‘institutes for mental disease’ which will prevent federal match from being used in Medicaid reimbursements. These expenditures will have to be financed with state general funds for services to continue to be delivered.

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‡ This cost coverage includes “upper payment limit” / provider tax programs that increase the amount of federal match available for reimbursement. It is important to note that cost coverage is highly dependent on provider business models. For example, nursing homes that focus their business mostly on rehabilitation and Medicare reimbursement typically require higher staffing levels and more advanced practitioners, where nursing homes that focus more on custodial care will have lower cost structure and, therefore, Medicaid rates cover a higher percentage of their costs.

- **Ambulance Service Funding.** The department has worked to design and implement a program that provides additional funding to ambulance/EMS service providers around the state. The program will be implemented over the next 1-2 years. There is no general fund need here (only federal fund spending authority).
- **School based services.** The department is requesting federal and other fund spending authority to continue implementing the school-based services program in Medicaid, as authorized by the Legislature. No state general funds are being requested here.

### **ARPA – Older Americans Act Match: ~\$1 million SGF (Governor’s SGF Rec: ~\$0)**

The Aging Division has access to approximately \$7 million in federal ARPA funding for Older Americans Act programs. However, there is a required state match of just under \$1 million.

Not providing this state match will cause the department to reject and return the ARPA funding. We are awaiting potential federal changes to this required match, which may be eliminated.

### **Administrative and Budget True Ups: No SGF**

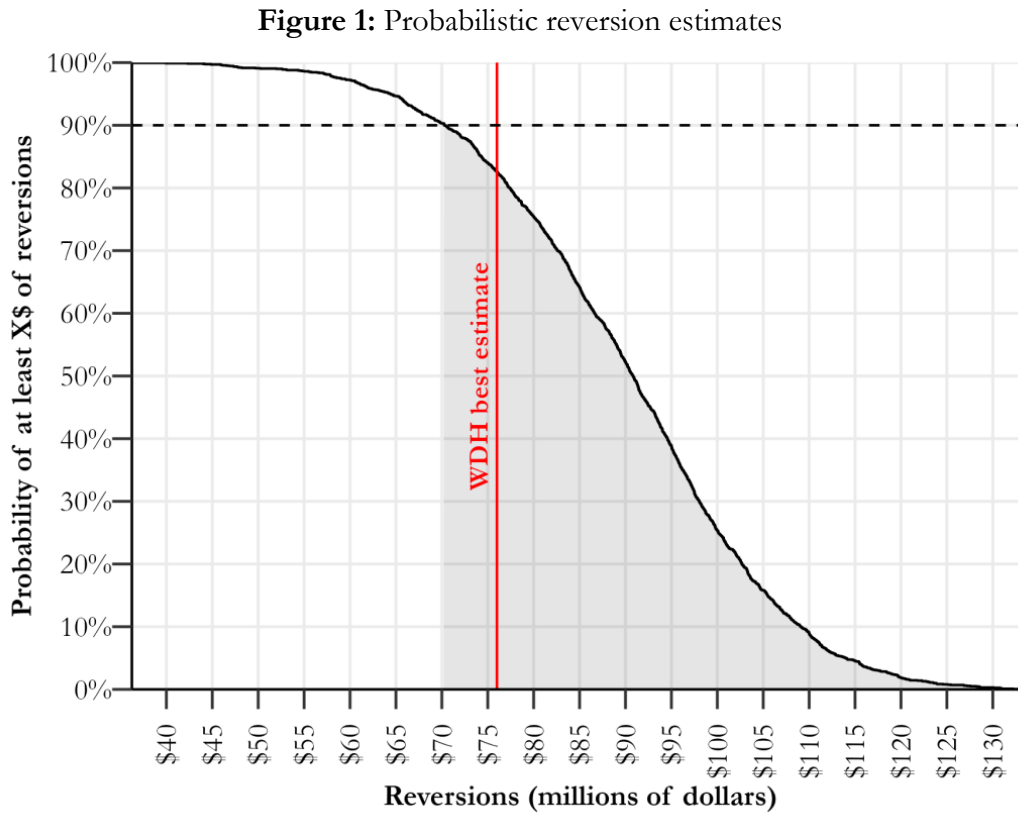
Remaining department requests are mostly administrative, with the exception of a small State Hospital request. These include:

- **State Hospital Guardianship (\$170K).** This request will provide funding to the Wyoming State Hospital to increase the availability of patient guardians and potentially inject some more competition into the contracting process for this program.
- **Budget True-ups.** These requests are mostly to add areas to our budget that are typically handled through the cumbersome B-11 process. No state general fund request here.
- **Administrative.** These requests are mostly tied to the consolidation of Human Resources into A&I as well as technology replacement through ETS.
- **Land fund requests.** Our permanent land funds at the WSH and WLRC are often accessed for various physical plant needs (equipment needs, emergency preparedness, safety, etc.). No state general fund request here.

## Projected Reversions

The Department will likely revert **~\$76 million in State General Funds** at the end of the 21/22 biennium. The Department is 90% confident that reversions will exceed \$70 million.

Figure 1, below, shows the Department's best estimate in red plotted against a cumulative distribution from a probabilistic model of reversions, in black. The way to read this figure is to select a confidence level (e.g., 90%) on the y-axis and read the estimated reversion total on the x-axis (e.g., at least \$70 million).



## Expenditure areas for projected reversions

As noted on Table 1, on page 1, the Governor recommended that the Department fund ~ \$26.4 million of its exception requests through a portion of these reversions. These items are shown in Table 2, below.

**Table 2: Governor’s Recommendation - reversion uses**

Exception request	SGF from reversions
Enhanced HCBS 10% FMAP (ARPA)	\$17,500,000
Step 3 Restoration--- Two and one half percent (2.5%) percent reduction in Medicaid unit rates across all allowable provider types (Full Biennium Shown)	\$8,152,747
Restore cuts to dental coverage for Medicaid adults (Full Biennium Shown)	\$650,000
Restore cuts to vision coverage for Medicaid adults (full Biennium Shown)	\$100,000
<b>Total</b>	<b>\$26,402,747</b>

In addition to these exception requests, the Governor also recommended that the Department be given authority to carry-forward remaining projected reversions from 2021-2022 to 2023-2024, in order to cover potential liabilities in the next biennium. Estimates of these liabilities are shown in Table 3, below. The combined totals of Table 2 and Table 3 equal approximately \$75 million.

**Table 3: Est. potential liabilities (2023 - 24 biennium)**

Potential liability	Probability of need	SGF from reversions
Facility staffing needs (WSH / WLRC) - carryforward from 21/22	High	\$22,000,000
Costs due to excess Medicaid enrollment from Public Health Emergency ramp-down	Medium	\$12,000,000
Est. increase in Medicare Part B premium contributions owed by Wyoming Medicaid (\$21.60 increase x 24 months x 12,000 members)	High	\$6,300,000
Increases in Medicare Part D claw-back	High	\$5,600,000
Title 25 overages	Low	\$3,000,000
<b>Total</b>		<b>\$48,900,000</b>