State of Rhode Island and Providence Plantations

Executive Summary

Fiscal Year 2013

Lincoln D. Chafee, Governor

Human Services

Human Services

Summary

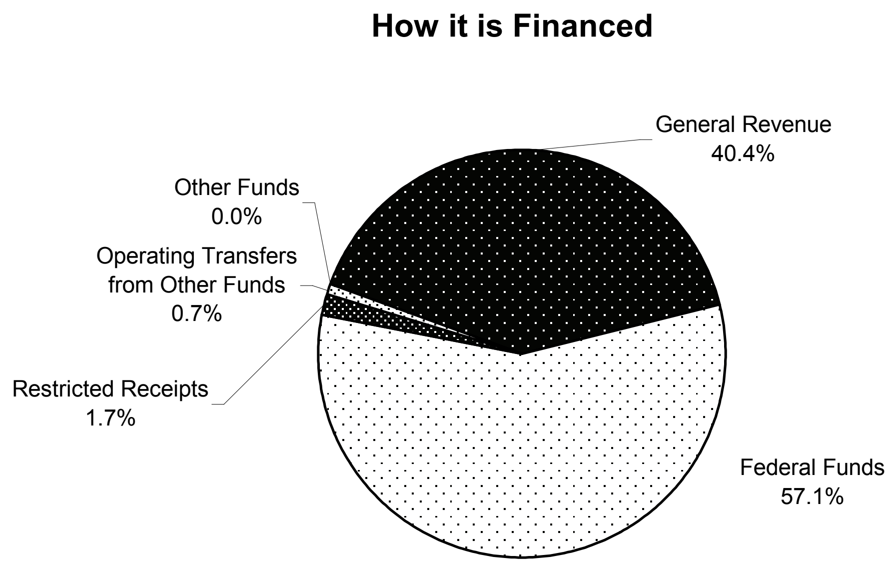
The Human Services function of state government engages in a broad spectrum of activities including, but not limited to, income supports, client subsidies, case management and residential supports, and medical regulation, prevention, treatment, and rehabilitation services.

For FY 2012, the Governor recommends a revised all funds budget of $3.136 billion. Of this total, there is $1.269 billion in general revenues, $1.795 billion in federal funds, $55.5 million in restricted receipts, and $17.4 million in other funds. This reflects an increase of $10.2 million in general revenues, an increase of $24.3 million in federal funds, an increase of $2.4 million in restricted receipts, and a decrease of $13.5 million in other funds relative to the FY 2012 enacted budget. The Governor recommends 3,591.7 full-time equivalent positions in the FY 2012 revised budget, which is a decrease of 25.0 FTE positions from the FY 2012 enacted budget. Total staffing authorizations recommended for FY 2013 are 3,599.2 FTE.

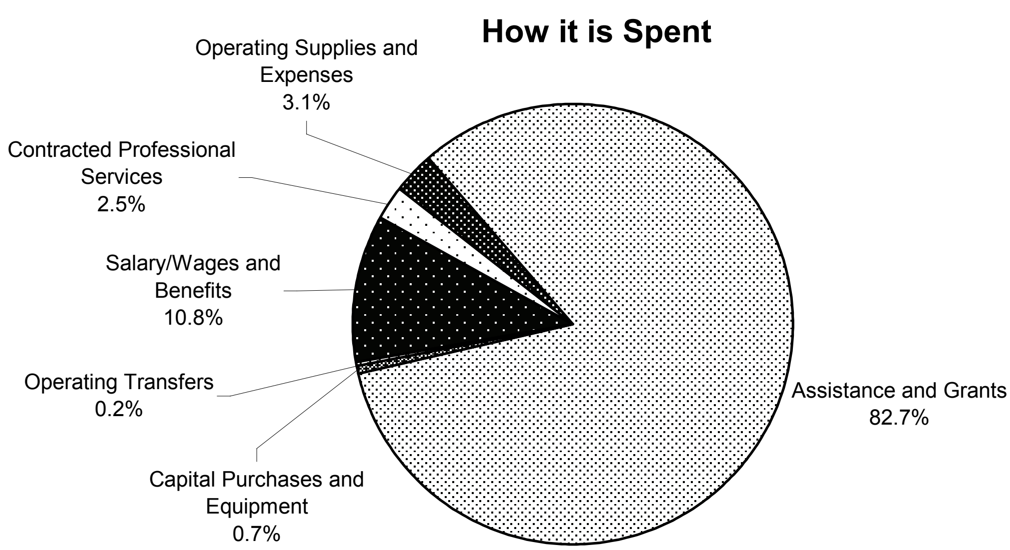
In FY 2013, despite a highly constrained budgetary outlook, the Human Services departments and agencies continue to leverage their resources so that both individuals and families achieve maximum potential and self-sufficiency. The social and economic needs of clients continue to be provided by the Executive Office and Health and Human Services, which oversees the Departments of Children, Youth, and Families; Elderly Affairs; Health; Human Services; Behavioral Healthcare, and Developmental Disabilities, and Hospitals. The Governor remains a stalwart advocate of building a sustainable safety net in Rhode Island, with adequate programs of medical and cash assistance for the most vulnerable populations of the State, such as low-income children, parents, pregnant women, frail elders, veterans, the medically needy, and those with physical and developmental disabilities. The Governor is further committed to preventing child abuse and neglect by intervening for and on behalf of abused and neglected children and youths and rehabilitating delinquent youth through education and training at DCYF. The dual role of advocacy and education continues to be provided by agencies including the Offices of the Child Advocate and Mental Health Advocate, the Governor's Commission on Disabilities, and the Commission on the Deaf and Hard of Hearing.

The Governor's proposed funding level of $3.180 billion for FY 2013 protects services for the State's most vulnerable populations. This proposal consists of $1.286 billion in general revenues, $1.817 billion in federal funds, $53.7 million in restricted receipts, and $23.0 million in other funds. This reflects an increase of $27.6 million in general revenues, an increase of $46.5 million in federal funds, an increase of $0.5 million in restricted receipts, and a decrease of $7.9 million in other funds relative to the FY 2012 enacted budget. The FY 2013 recommendation constitutes 40.0 percent of the total proposed expenditures for the state. Social services block grants and federal financial participation for medical assistance programs constitute the primary sources of federal funding. The chart below displays funding by source for the Governor's FY 2013 recommendation for the human service agencies and departments.

Human Services



The Governor's FY 2013 recommendation includes direct and purchased services for residential care, medical care, and preventive health services, cash payments to individuals, and grant funding for non-governmental agencies. The operating costs associated with the administration of these social services programs are also included. Personnel, which includes purchased services, accounts for $423.4 million, or 13.3 percent, of all expenditures programmed for human services. Other operating expenditures are recommended at $97.4 million, or 3.1 percent, of proposed total human services expenditures, with capital purchases slated for $22.7 million, or 0.7 percent. Grants and benefits expenditures of $2.630 billion account for the largest outflow of identified resources, reflecting 82.7 percent of the total human services function. The chart below shows the outflows of all resources by category of expenditure for the human services function.



Human Services

Executive Office of Health and Human Services

The Governor recommends total expenditures of $19.3 million for the revised FY 2012 budget of the Executive Office of Health and Human Services (EOHHS). This is comprised of general revenue totaling $10.3 million, federal funds of $8.0 million, and restricted receipts of $897,440. Relative to FY 2012 enacted levels, recommended general revenue financing increases by $573,541, or 5.9 percent, while federal financing increases by $1.8 million, or 28.7 percent. Restricted receipts, representing indirect cost recoveries on various federal grants supporting personnel expenditures, decrease by $7,272, or 0.8 percent. The increase in general revenue in the current year is largely driven by the transfer of four senior executive positions from the Department of Health and one Medical Care Specialist from the Department of Human Services. The relocation of these personnel reflects not only the managerial priorities of the Secretary by completing the consolidation of departmental legal staff, but is also in conformance with the Executive Office's statutory mission as the coordinating agency for healthcare policymaking in Rhode Island.

Other recommended FY 2012 expenditure plan adjustments include increases to operating and contract services expenditures totaling $83,292, of which $42,500 represents the transfer of a key legal services contract from the Department of Human Services to the Executive Office. The significant increase in federal funds is due primarily to enhanced FY 2012 resources provided under two distinct grants: (1) carry-forward of unexpended FY 2011 authority for the Medicaid Health Information Exchange Initiative ($765,482) and (2) newly programmed administrative financing for the Money Follows the Person Demonstration Grant Program ($559,019).

The Governor recommends total expenditures of $1.744 billion for the FY 2013 budget of the Executive Office of Health and Human Services. This is comprised of general revenues totaling $823.7 million, federal funds of $907.7 million, and restricted receipts of $12.1 million. Relative to FY 2012 enacted levels, recommended general revenue financing increases by $813.9 million, while federal financing increases by $901.5 million, and restricted receipts increase by $11.2 million.

While the considerable increases to both general revenues and federal financing in FY 2013 reflect the FY 2012 revisions described above, they are predominantly caused by final phase of the reassignment of the State's Title XIX Medical Assistance (Medicaid) program from the Department of Human Services to the Executive Office of Health and Human Services. Although the FY 2012 enacted budget contained an extensive shift of the Medical Assistance administrative staff from DHS to EOHHS, appropriations for both direct medical services benefits as well as associated operating and consultancy expenditures were maintained within DHS. In FY 2013, the Governor recommends that all remaining funding for Medical Assistance be relocated to the Executive Office and that two new programs, entitled "Central Management" and "Medical Assistance", be established within EOHHS. The singular exception to this transition is DHS field office support of the Medical Assistance program's casework and eligibility functions, which remains under DHS budgetary auspices as the remnant of the DHS Health Care Quality, Financing, and Purchasing (HCQFP) program.

The Central Management program includes all financing for the administrative and operational activities of the Executive Office. These consist of the following core components: Office of the Secretary, Budget, Policy, Legal Services, and Medical Assistance Administration. Within Medical Assistance Administration, the Governor recommends the transfer of $64.8 million, or $11.3 million in general revenues from the Department of Human Services to the Executive Office in FY 2013. This financing is mainly comprised of $44.8 million ($10.6 million in general revenues) in administrative and technical support contracts (including MMIS) for the Medical Assistance program and $19.8 million ($617,000 in general revenues) for administrative grants. In FY 2013, resources totaling $14.0 million, or $1.4 million in general revenues, are devoted to the reprocurement and enhancement of the Medicaid Management Information System (MMIS) and the development of a fully integrated eligibility system. It is envisioned that the new eligibility system will not only serve the needs of the Medicaid program, but also those of other state programs of public assistance, thus resulting in the replacement of the now-antiquated InRhodes system. The system will also be functionally interlinked with the soon-to-be-created Rhode Island Health Insurance Exchange.

Two expansionary initiatives in this program are proposed by the Governor in FY 2013. Specifically, the Governor recommends 5.0 additional FTE in Central Management to establish a centralized Program Audit and Oversight Unit. This unit will conduct focused program and performance reviews of major providers and recipients of grant funds across the four EOHHS departments, testing compliance to state and federal expectations and program standards. This unit will also maintain responsibility for creating a unified financial reporting system across the EOHHS subsidiary departments as well as an EOHHS-wide risk assessment plan. The incremental cost of this initiative totals $150,179 in FY 2013, assuming Unit personnel are hired at the end of the third quarter of the fiscal year. Also recommended is an increase of $500,000 ($125,000 in general revenues) to the MMIS contract for the implementation of an educational outreach, system training, and usability enhancement program surrounding the newly constructed Data Warehouse.

The Governor recommends staffing authorizations of 158.0 FTE positions in FY 2012, an increase of 9.0 FTE from the enacted FTE ceiling for the aforementioned (5.0) transferred positions and the addition of 4.0 federally-financed positions for the administration of the Money Follows the Person Demonstration Grant Program. For FY 2013, the Governor recommends staffing authorizations of 163.0 FTE, reflecting the creation of the Program Audit and Oversight Unit.

The November 2011 Caseload Estimating Conference (CEC) adopted total financing of $1.693 billion for the Medical Assistance program, consisting of $827.5 million in general revenues. Although adopted general revenues grew at a modest 5.3 percent relative to FY 2012 enacted levels, the increase to the program’s state funding requirement was still quite significant at $41.5 million. Though driven in part by a year-over-year decrease in the Federal Medical Assistance Percentage (FMAP) from 52.12 percent to 51.26 percent, the increase is primarily tied to continuing upward trends in caseloads, utilization rates, and unit prices that have historically caused similar annual upswings in the cost of the Medicaid program.

Exclusive of federal pass-through reimbursements to LEAs for Medicaid-eligible children in special education programs (which are not estimated at the CEC), the Governor recommends $1.640 billion for this program, consisting of $801.3 million in general revenues. This constitutes a $26.2 million reduction below the CEC adopted level, but remains $15.3 million above the FY 2012 enacted general revenue budget. As in prior years, these modifications reflect a strenuous effort to either redesign or discontinue specific aspects of the Medical Assistance program in order to retrench its unsustainable expenditure growth. Specifically, the Governor recommends an across-the-board reduction of 4.14 percent to all Medicaid managed care capitation (i.e. monthly cost per member) rates, effective July 1, 2012, for savings totaling $14.0 million in general revenues. Refinements to Medicaid managed care programs, such as reductions to allowable administrative expenses, hospital re-admission avoidance, lower utilization of bariatric surgical procedures, initiation of preventive nutrition services for individuals with chronic conditions, improved care coordination, and the transition to lower-cost Primary Care Medical Home settings are anticipated to generate additional general revenue savings of $2.5 million.

The fee-for-service (as opposed to the managed care) segment of the Medical Assistance program will likewise be subject to aggressive cost-containment measures in the Governor's FY 2013 budget. The Governor proposes savings totaling $2.7 million in general revenues due to the elimination of dental services for adults age 21 and older. Medicaid-eligible individuals under the age of 21 will maintain coverage either through the RIte Smiles program or fee-for-service Medicaid. However, adults at or over 21 years of age will no longer receive dental services (other than emergency and palliative services) through the Medical Assistance program, effective October 1, 2012. The Governor also recommends the reinstatement of "lesser of logic" edits for inpatient hospital fee-for-service claims under the Diagnostic Related Groups (DRG) payment system, yielding anticipated general revenue savings of $1.9 million. Increased frequency of post-payment surveillance utilization reviews (SURs), clinical utilization reviews of children with special health care needs, strengthening of the Medicaid Estate Recovery Program by expanding its statutory powers, a reduction to the durable medical equipment (DME) fee schedule, and the transfer of Connect "Carre" members to the Connect Care Choice program, taken together, result in general revenue savings totaling $1.8 million.

Lastly, the Governor recommends that beneficiaries of Home and Community Based Services (HCBS) undergo clinical utilization review of their care plan when monthly expenditures reach a threshold equivalent to the average cost of institutional long-term care. Based on this assessment, the EOHHS long-term care staff will modify (according to a specific formula) the services provided to the HCBS client to more appropriately reflect his or her actual care requirements. This initiative seeks to eliminate the provision of medically unnecessary services in this rapidly growing section of the Medicaid program, and the Governor's FY 2013 budget recognizes attendant savings of $3.0 million in general revenues.

Department of Children, Youth and Families

The Governor recommends $218.0 million in the revised FY 2012 Budget for the Department of Children, Youth and Families (DCYF), including $152.3 million in general revenue, $60.1 million in federal funds, $2.8 million in restricted receipts, and $2.9 million in other funds.

The Governor's revised Budget includes a net increase of $7.1 million in general revenue expenditures, which represents a 4.9 percent increase from the enacted budget. There are several contributing factors that relate to this significant increase. First, the Department ended FY 2011 with a $3.2 million general revenue deficit. Because FY 2011 funding levels were the basis for the FY 2012 budget, there was a structural problem built into the base.

The Department has been very successful in achieving significant caseload reductions; however, the anticipated general revenue savings in the enacted budget has decreased due to a revision to the original Medicaid claiming rates used in the enacted budget. The Department is required to establish Medicaid and Title IV-E claiming rates via a time study of residential providers. The most recent time study resulted in lower Medicaid claiming under the "rehab option" and conversely higher Title IV-E claiming from room and board. The Title IV-E penetration rate is less than 30 percent for congregate care, so there is not a dollar for dollar replacement of reduced Medicaid claiming.

Other major general revenue changes from the FY 2012 enacted budget include an increase in personnel expenditures of $1.6 million, which is related to unachievable turnover savings, and an additional $295,771 for contracted professional services. These additions were slightly offset by savings of $729,135 in operating expenditures.

Human Services

The Department has been very successful in achieving savings related to the consolidation of the facilities and services at the Thomas C. Slater Training School. In FY 2012, there is a decrease of $1.0 million from the enacted level in overtime expenses at the school.

The Governor's recommendation includes a total of 662.5 FTE positions for FY 2012, which is consistent with the enacted level.

The Governor recommends total expenditures of $211.5 million in FY 2013 for the Department of Children, Youth and Families. This is comprised of $146.9 million in general revenue, $58.7 million in federal funds, $2.8 million in restricted receipts, and $3.0 million in other funds. The recommended FY 2013 general revenue Budget increases by $1.7 million from the enacted FY 2012 Budget.

Expenditures for grants and benefits in the Department of Children, Youth, and Families have decreased significantly in general revenue and federal funds over the past few years even though expenses related to providing services to children and families should have amplified due to FMAP increases and trend growth rates. This is due to the Department's successful implementation of major savings initiatives, including better practice improvements and the System of Care Transformation, which restructures programs into a more community-based system of support. The goal of the restructuring is to deliver more children's services in home and community settings, giving the children, guardians, and community the benefit of inclusion in the rehabilitative process, and to allow the development of more natural supports.

Phase One of the implementation of these programs began in FY 2009. This Phase was the establishment of Family Care Community Partnerships (FCCP) for children and families who are at risk for Department involvement due to abuse and neglect or serious emotional disturbance (SED) and youth who are returning to the community following a Rhode Island Training School sentence.

Phase Two of the system transformation will be instituted with the contracting Networks of Care. The Department expects this process to be in fully implemented by the beginning of FY 2013. This Phase is designed to service Rhode Island's families with children who are formally involved with DCYF and who are in need of, or at risk for, out of home placement with a goal of facilitating permanency plans, decreasing the need for hospitalizations and residential placements, and increasing access to home and community-based services and supports.

General revenue reductions associated with the Rhode Island Global Consumer Choice Compact Demonstration Waiver for CNOM's financing are attributed to the diversion of residential services for at-risk youth into a more community-based approach. The department continues to achieve the programmed savings associated with this 2009 initiative in FY 2013.

Other major general revenue changes for FY 2013 from the FY 2012 enacted budget include an increase of $381,870 to account for reduced turnover and rate changes to medical insurance and accrual; an increase of $295,772 for contracted professional services; a decrease of $639,024 for operating expenditures; and a decrease of $1.0 million for overtime at the Thomas C. Slater Training School. The Governor recommends a decrease of $428,047 from general revenues for reductions in contracts related to consolidated youth services.

The Governor includes in his recommendation an additional $500,000 for educational costs related to youth who are in the custody of the Department and placed in an educational setting outside of the home school district. The Rhode Island Department of Elementary and Secondary Education (RIDE) is required by statute to determine a methodology to set the rate to be used by school districts when paying the Department of Children, Youth, and Families. RIDE is currently transitioning to a new methodology that will result in the shift of some of the costs from school districts to DCYF. FY 2013 is the first year of a five year transition plan.

This recommendation includes a total of 665.5 FTE positions in FY 2013, which is 3.0 FTE more than the FY 2012 enacted and revised Budget recommendation. The new positions are federally funded for educational purposes through the Early Childhood Education Race to the Top grant.

Department of Health

The Governor recommends total expenditures of $126.0 million in the FY 2012 revised budget, including $24.6 million from general revenue, $73.6 million from federal funds, $27.6 million from restricted receipts, and $172,000 from other funds. The FY 2012 revised budget represents an increase of $15.8 million from all sources of funds, of which $14.5 million is federal funds, $831,184 is restricted receipts, $374,500 is general revenue, and $108,600 is other funds.

The net increase in general revenue expenditures of $374,500 from the FY 2012 enacted amount of $24.2 million is primarily due to unachieved personnel savings of $1.1 million and higher than anticipated expenditures for contract professional services of $128,283. These increases are partially offset by reductions in expenditures for assistance and grants of $608,733, operating costs of $216,907, and capital purchases and equipment of $35,360. The programs with the most significant amounts of unachieved personnel savings were the State Medical Examiner, followed by Health Laboratories, Public Health Information, and Environmental and Health Services Regulation.

The large increase in federal funds expenditures of $14.5 million is almost exclusively due to federal grants in the Community and Family Health and Equity program, which increase by a total of $14.2 million compared to the enacted budget. Some of the federal grants with large increases in expenditures include: Immunization, $3.4 million, Affordable Care Act Home Visiting Programs, $2.5 million; Affordable Care Act Maternal Infant and Early Childhood Homes Visiting Program, $2.0 million; Putting Prevention to Work, $1.1 million; Obesity Policy and Environment, $1.4 million; and Maternal/Child Health Block Grant, $0.5 million.

The increase in restricted receipt expenditures is also associated with the Community and Family Health and Equity program where expenditures for infant, child, and adult immunization programs are increasing by $1.5 million. Funded from an assessment on insurance companies, these programs provide for the purchase and distribution of vaccines for infants, children and adults.

For the revised FY 2012 budget, the Governor recommends an authorized FTE level of 422.3 positions, which is 4.0 less than the enacted level of 426.3. The revised budget transfers 4.0 positions to other Human Services agencies, including 3.0 FTE to the Department of Human Services and 1.0 FTE to the Executive Office of Health and Human Services.

For FY 2013, the Governor recommends total expenditures of $119.9 million for the Department of Health. This is comprised of $24.5 million from general revenue, $66.0 million from federal funds, $29.2 million from restricted receipts, and $172,000 from other funds. The FY 2013 recommended funding level from all sources of funds is $9.7 million higher than the FY 2012 enacted budget. Compared to the enacted budget, general revenue financing increases by $249,739; federal financing increases by $6.8 million; restricted receipt financing increases by $2.5 million; and other funds financing increases by $108,600.

The large increase in federal funds expenditures of $9.7 million is, again, almost exclusively due to federal grants in the Community and Family Health and Equity program, which increase by a total of $8.5 million compared to the enacted budget. The federal grants with the large increases in FY 2012 continued with the increases in FY 2013. The $2.5 million increase in restricted receipt expenditures is largely due to the same immunization programs that had increases in FY 2012.

The Governor recommends several cost savings measures within the Health Laboratories program, including a reduction of 8.0 FTE positions as part of an on-going assessment of laboratory functions. Combined, these initiatives are projected to save approximately $694,323 of general revenue and $1.0 million of all funds.

The Governor recommends increasing licensing fees on regulated activities by $1.5 million. Of the $1.5 million amount, $305,275 will be achieved through statutory licensing fee increases while $1.2 million will be achieved through regulatory licensing fee increases. The licensing fee increases will more closely align the revenues and the expenditures associated with regulated activities in the Department.

In accordance with the recommendations of a recent Bureau of Audit report of the Food Protection unit, the Governor recommends hiring an additional 6.0 Food Inspectors in FY 2013, with 3.0 financed for three quarters of the fiscal year and 3.0 financed for one quarter of the fiscal year. The Food Protection unit is housed in the Environmental and Health Services Regulation program.

For FY 2013, the Governor recommends an FTE level for the Department of Health of 423.3 positions, which is 3.0 FTE less than the enacted budget.

Department of Human Services

The Governor recommends total expenditures of $2.338 billion for the revised FY 2012 budget of the Department of Human Services (DHS). This is comprised of general revenues totaling $892.6 million, federal funds of $1.424 billion, restricted receipts of $17.1 million, and other fund expenditures of $4.4 million. Relative to FY 2012 enacted levels, recommended general revenue financing decreases by $526,612, or 0.06 percent, while federal financing increases by $4.1 million, or 0.3 percent. The decrease in general revenue in the revised budget is largely driven by a $2.0 million decrease in planned expenditures for the Medical Assistance (Medicaid) program, offset by increases of $777,000 and $423,744, for the Supplemental Security Income (SSI) and General Public Assistance (GPA) programs, respectively. For Medical Assistance and SSI, these adjustments reflect estimates as adopted by the November 2011 Caseload Estimating Conference (CEC). The increase to GPA is attributable to adopted caseload estimates coupled with a corrective accounting adjustment, totaling $388,159, to properly record prior-year recoveries within the GPA Medical program.

Various expenditure plan adjustments in FY 2012 are recommended throughout the Department's other programs, yielding net additional general revenues of $229,831. These consist of increases to the Office of Child Support Services ($18,475), the Individual and Family Support Program ($245,111), Health Care Quality, Financing, and Purchasing ($103,931), and Elderly Affairs ($102,553). Offsetting decreases are witnessed in the Division of Veterans' Affairs ($239,718) and Central Management ($521). Within individual and Family Support (IFS), the Governor recommends an increase of $600,000 in general revenues to support anticipated utilization increases in the Elderly Transportation (RIDE) program, coupled with reductions of $280,000 in matching funds for unexpended vocational rehabilitation grants,

$265,848 for various contracted professional services, and $193,844 in (SNAP and RIW-related) operating expenses. The downward adjustment to the Veterans' Affairs budget represents revisions to personnel (including overtime) of $49,906, the net result of the statewide medical holiday and (1) the restoration of $1.3 million in overtime expenses at the Veterans' Home, (2) a recognition of current year vacancy savings of $954,582 at the Home, and (3) additional savings of $363,040 resulting from a one-year delay in the hiring of additional clinical staff to support the Home's census expansion until the final quarter of FY 2013. Operating efficiency savings totaling $187,154 are also recommended for the Veterans' Home in FY 2012.

The Governor recommends total expenditures of $657.1 million for the FY 2013 budget of the Department of Human Services. This is comprised of general revenues totaling $99.8 million, federal funds of $550.6 million, restricted receipts of $2.3 million, and other fund expenditures of $4.4 million. Relative to FY 2012 enacted levels, recommended general revenue financing decreases by $793.3 million, while federal financing decreases by $869.0 million and restricted receipts decrease by $11.7 million. The significant decreases to general revenues and federal financing in the FY 2013 budget are largely driven by the transfer of appropriations for the Medical Assistance (Medicaid) program and the vast majority of its remaining administrative structure to the budget of the Executive Office of Health and Human Services in FY 2013.

The Governor's FY 2013 recommendations for the Department's various programs are discussed below.

The Governor recommends general revenues totaling $5.2 million, a decrease of $479,730 from the FY 2012 enacted level for the Central Management program. Driving this decrease is the statewide (25 percent) reduction in community service grant funding, which totals $600,769 for this program. All such DHS grants, other than those administered by the Division of Elderly Affairs are housed within the Central Management program. The transfer of a $42,500 legal services contract to EOHHS, combined with upward adjustments to both personnel financing of $128,169 and to the CNOM for Community Health Centers of $35,370 (adjusting for the prevailing FY 2013 FMAP) comprise the balance of the general revenue recommendation.

The Governor recommends general revenues totaling $2.3 million for the Office of Child Support Services, $100,466 above the FY 2012 enacted level, reflecting current services and the continuation of a planned initiative to save $246,000 ($83,640 in general revenues) of constable services expenditures through the use of regular mail to notify parties to appear at Family Court.

The Governor recommends general revenues of $23.2 million for the Individual and Family Support program, $672,682 above the FY 2012 enacted level. As in FY 2012, an increase of $600,000 to support projected utilization increases in the RIDE program is recommended, but is tempered by a proposal to institute client co-payments of $2 per trip to adult day care centers, commencing in July, 2012. The Governor recommends general revenue savings totaling $150,000 from this measure, thus lowering the net increase to the RIDE program to $450,000. The remainder of the increase is due to expenditure adjustments mirroring those of FY 2012, but with an increase to personnel financing of $641,007, reflecting the Department's stated goal of overall staff augmentation in FY 2013.

With respect to non-general revenue funding, the Governor recommends the transfer of $19.2 million in federal funds from the Department of Administration (DOA) to DHS for the Low Income Home Energy Assistance Program (LIHEAP) and the Weatherization Assistance Program (WAP), pursuant to Article 9 of Chapter 151 of the Public Laws of 2011. Furthermore, the Governor recommends $9.6 million in federal financing for the Ryan White HIV Care Program, which was also transferred to DHS pursuant to Article 9. Lastly, the Governor recommends $7.1 million for the DHS allocation of the Race to the Top Early Learning Challenge Grant, accompanied by 2.5 additional FTE for associated programmatic and administrative support.

The Governor recommends general revenues of $19.9 million for the Veterans' Affairs program, $1.3 million above the FY 2012 enacted level, inclusive of upward adjustments to personnel and contract services of $1.5 million, with a continuation of FY 2012 savings due to operating efficiencies at the Veterans' Home. Again, the Governor proposes to delay the resident census increase from FY 2013 to FY 2014, and therefore eliminates 35.0 clinical FTE from the Divisions' FY 2012 revised roster. In FY 2013, the Governor recommends 9.0 additional FTE in support of the census expansion, to be hired in the final quarter of FY 2013. The remaining 26.0 positions will be hired at the same time, but as non-FTE seasonal Institutional Attendants.

The Governor recommends general revenues of $8.3 million for the Health Care Quality, Financing and Purchasing program, $10.2 million below the FY 2012 enacted level, reflecting the transfer of the majority of HCQFP to the Central Management program of EOHHS. DHS field office support of the Medical Assistance program's casework and eligibility functions (including the InRhodes contract) will however remain under DHS budgetary auspices, thus forming the remainder of this program.

The Governor recommends general revenues of $10.3 million for the Division of Elderly Affairs, $856,000 million above the FY 2012 enacted level. The FY 2013 recommendation restores one-time personnel savings embedded in the FY 2012 enacted budget due to the availability unspent allocations of the FFY 2011 grant award under Title IIIB "The Older Americans Act". These reserves will be exhausted in FY 2013. The Governor recommends increases to the core DEA Home and Community-Based Medicaid waiver program, the Co-Pay Day Care, and Home Care programs totaling $669,045. General revenue expenditures for the RIPAE program are reduced by $200,000, from $374,000 to $174,000, due to the prospective drop in utilization following implementation of the remedial provisions of the Patient Protection and Affordable Care Act (PPACA) with respect to the Medicare Part D "donut hole". The Governor also proposes a reduction of $244,251 in the Division's community service grant funding, commensurate with the 25 percent statewide decrease.

The Governor's FY 2013 recommendations for the programs of cash assistance administered by the Department of Human Services are as follows. For the Rhode Island Works (formerly the Family Independence Program) and Subsidized Child Care Programs, total financing of $90.2 million is recommended, consisting of $9.4 million in general revenues, reflecting caseloads as adopted by the November 2011 Consensus Caseload Estimating Conference and a proposed co-sharing increase of one percent (of income) to low-income (non-RIW) recipients of Child Care Assistance. For the Supplemental Security Income Program (SSI), the Governor recommends total financing of $18.6 million, consisting entirely of general revenues and reflecting caseloads as adopted by the November 2011 Consensus Caseload Estimating Conference. For General Public Assistance (GPA), the Governor recommends $2.5 million in general revenues, consistent with adopted caseload levels and the FY 2012 enacted allotment for the Hardship Contingency Fund.

The Governor recommends staffing authorizations of 949.2 FTE positions in the FY 2012 revised budget, a decrease of 35.0 FTE compared to the FY 2012 enacted level of 984.2. This decrease consists of three distinct components: (1) the addition of a fifth FTE transferred from the Department of Health for the administration of the Ryan White HIV Care Program; (2) the transfer of 1.0 FTE to the Executive Office of Health and Human Services for oversight of the Medicaid non-emergency transportation program; and (3) the removal of 35.0 FTE from the Division of Veterans' Affairs roster, reflecting the postponement of the FY 2013 resident census expansion. For FY 2013, the governor recommends 947.9 FTE positions, 1.5 FTE below the FY 2012 revised level due to: (1) 2.5 additional FTE for positions involving the administration of the Race to the Top Grant, (2) the removal of 22.0 "limited period" FTE originally provided for the administrative support of SNAP that were fully federally financed through a one-time (unmatched) federal grant, (3) 9.0 additional FTE in support of the Veterans' Home census expansion in FY 2014, and (4) 9.0 FTE transferred from the Department of Administration to appropriately staff the LIHEAP and WAP programs.

Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals

The Governor's revised FY 2012 budget for the Department of Behavioral Healthcare, Developments Disabilities, and Hospitals totals $432.9 million, including $187.1 million in general revenue, $229.0 million in federal funds, $7.1 million in restricted receipts, and $9.7 million in other funds. On an all funds basis, the $432.9 million revised budget is $8.2 million less than the FY 2012 enacted budget of $441.1 million, consisting of the following net changes: an increase of $2.8 million in general revenue, increase of $3.5 million in federal funds, decrease of $879,352 million in restricted receipts, and decrease of $13.7 million in other funds.

The largest increase in the revised recommendation is related to overtime expenditures, which consists of $3.4 million in general revenues and $3.6 million in federal funds. The enacted budget contained significant savings in overtime based on hiring more full time employees, which would bring down costs in overtime. Due to delays in hiring, the costs associated with overtime have significantly exceeded the expenditures anticipated in the enacted budget.

Department-wide, the Governor's recommendation includes a decrease of $732,269 in general revenues from the enacted level for salaries and benefits due to a slight shift to federal funds, a medical holiday, and savings associated with vacancies within the department. Other changes include an additional $277,679 for contracted professional services, $98,663 for operating expenses, and a decrease of $218,233 for grants and benefits.

Other funds were reduced by $13.7 million, most of which was related to the hospital consolidation project. The hospital consolidation plan emphasizes efficiency gains by consolidating the Eleanor Slater Hospital footprint on the Pastore Campus. This will result in a more efficient use of resources, which will reduce staffing costs, reduce the hospital's maintenance and utility budget, and improve security for staff. The enacted budget provided $16.6 million in FY 2012 for this project. The Governor's revised recommendation shifts some of the funding from FY 2012 to FY 2013 through FY 2016.

Project Sustainability redesigned the developmentally disabled service system. The redesign changed the assessment tool to a nationally recognized validated assessment tool, the Supports Intensity Scale (SIS), to the entire population of consumers served by the system. The redesign also included the development and implementation of a new rate and payment methodology applied to all service providers (and replacing the several different methods of payment and rate development currently in use) will increase transparency and consistency across the system. The result of these changes will be a system that is more easily described and understood and a realignment of resources within the system, while maintaining the services and supports that consumers require, with application of consistent standards and payments across the system.

Human Services

The Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals had worked with providers, families and advocates, and other state agencies to define and implement this assessment tool, services, and rates. As this new assessment tool is implemented, assessment data will be compared to utilization data and resource allocations will be refined and rates will be adjusted. The FY 2012 enacted budget contained savings of $19.3 million from all funds. The Department has been successful in implementing and administering this program and all anticipated savings have been achieved in the current fiscal year.

For FY 2012, the Governor recommends an authorized level of 1,383.2 FTE positions, which is 5.0 FTE more than the enacted level of 1,378.2 FTE. These additional employees will be funded through new federal grants.

The Governor's FY 2013 recommendation totals $445.7 million, including $189.3 million from general revenue, $233.9 million from federal funds, $7.2 million from restricted receipts, and $23.4 million from other funds. The general revenue portion of the budget reflects an increase of $15.2 million from the FY 2012 enacted budget.

There is an increase in general revenues of $7.1 million related to base adjustments in the federal match and trend growth associated with Medicaid, statewide adjustments for medical benefits inflation and accrual, and decreased turnover savings that were built into the base. The Department has been successful in offsetting a portion of this increase by implementing significant savings associated with program changes that are explained below.

The enacted budget for the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals for FY 2012 included a savings of $12.7 million in general revenue for Health Homes funding. This initiative allows the Department to utilize an enhanced rate in federal funding for individuals who meet the Health Homes criteria and receive services through a designated Home Health provider which is one of nine community mental health centers. Eligibility criteria for this program includes individuals who have a serious and persistent mental health condition.

The Department has been successful in utilizing the Health Home federal enhancement for which it received approval effective October, 2011 from the Centers for Medicare and Medicaid Services. In FY 2013, the savings will be annualized to include an additional $3.0 million reduction from general revenues. In addition to annualizing FY 2012 savings, the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals will expand the populations that will be eligible for these enhancements to include Developmental Disability Health Homes and Methadone Health Homes, which will result in a shift of $520,000 from general revenue to federal funds. Eligibility criteria for these expanded programs include individuals who meet one of the following criteria: 1) have at least two chronic conditions; or 2) have one chronic condition and are at risk for another. Eligible providers are in the process of being identified.

The Governor also recommends an additional reduction of $350,000 from general revenues for third party liability identification and a residential substance abuse provider contract reduction and $317,612 for overtime expenditures at the Eleanor Slater Hospital.

For FY 2013, the Governor recommends an authorized level of 1,383.2 FTE positions, which is 5.0 FTE more than the enacted level of 1378.2 FTE. These additional employees will be funded through new federal grants.

Governor's Commission on Disabilities

The Governor recommends revised expenditures of $829,892 for FY 2012 for the Commission on Disabilities. This consists of $388,786 in general revenue, $122,448 in federal funds, $11,360 in restricted receipts and $467,000 from the Rhode Island Capital Plan Fund. The revised funding level is $158,845 more than the FY 2012 enacted level, mostly attributable with carry forward of $217,000 in RICAP financing from FY 2011 to FY 2012. This increase is offset by a reduction of $59,394 in the Commission's federal grants, specifically its Help America Vote Act (HAVA) grant, though carry forward amounts continue to be available to allow the Commission to conduct its work in assuring voting facilities are handicapped accessible. Restricted receipts increase by $2,096 above the enacted amount of $9,234, though an overall reduced trend is apparent as more businesses comply with state and federal rights laws, and the Commission's collections for disability parking signage diminishes. In the RICAP account, the Commission will utilize approximately $160,000 in FY 2012 to conduct a comprehensive architectural and engineering study of all state-owned facilities for handicapped accessibility compliance.

The Governor recommends total expenditures of $769,497 in FY 2013, including $389,154 in general revenue, $120,649 in federal funds, $9,694 in restricted receipts, and $250,000 from the Rhode Island Capital Plan Fund. The recommended general revenue funding in FY 2013 is $430 more than the FY 2012 enacted level, attributable to the addition of $342 for the defined contribution plan for the Commission's four employees. The FY 2013 recommendation also reflects the Commission's efforts to offset expenses to its federal grants and restricted receipt resources as allowed, as it continues to coordinate the state's compliance with federal and state disability rights laws.

The recommended FTE ceiling for FY 2012 and FY 2013 is 4.0 FTE positions, which is the same as the enacted level.

Commission on the Deaf and Hard of Hearing

The Governor's revised FY 2012 budget for the Commission on the Deaf and Hard of Hearing totals $386,286, consisting solely of general revenues to finance the Commission's personnel, operating, and interpreter referral services. This represents an overall decrease of $1,699, or 0.44 percent, from the FY 2012 enacted budget. This revision is fully attributable to the FY 2012 statewide medical benefit holiday, which served to distribute employee health insurance savings from the enacted budget of the Department of Administration to each individual agency. Additional personnel savings totaling $5,723 were redirected to other areas of the Commission's budget, primarily to finance the replacement of the Commission's computer equipment and the associated software acquisitions.

For FY 2013, the Governor recommends $390,251 in general revenues, which again provides the resources necessary to support the Commission's current operations. This represents an increase of $2,266, or 0.58 percent, from the FY 2012 enacted level of $387,985. The Governor's FY 2013 recommendation increases operating financing by $1,425, inclusive of a non-recurring expenditure for registration fees and lodging expenses related to the biennial conferences of two national professional associations. Also included is an upward base adjustment of $2,684 to contract services expenditures, recognizing anticipated cost escalation from more frequent usage of standard-hour interpreter services. These adjustments are countervailed by a reduction of $1,843 in personnel expenditures, stemming primarily from the lapse (in FY 2012) of an educational incentive bonus for one of the Commission's employees. Staffing authorizations for the

Commission remain unchanged at 3.0 FTE positions.

Office of the Mental Health Advocate

The Governor recommends revised FY 2012 general revenue expenditures of $413,172 for the Office of the Mental Health Advocate, a decrease of $55,546 from the enacted level of $468,718. The decrease includes a reduction of $59,115 in personnel expenses due to vacancies during part of this fiscal year, which was slightly offset by increases of $1,800 in contracted professional services and $1,769 in operating expenditures.

The Governor recommends total FY 2013 general revenue expenditures of $447,119, reflecting full funding for the agency's current services and a decrease of $21,599 from the enacted FY 2012 budget. General revenue includes a personnel reduction of $23,368, which is related to funding one of the full time employees at the entry level salary and benefit rate. This reduction in personnel was slightly offset by statewide changes in medical costs and accrual. There was an increase of $1,769 in operating expenditures.

The Governor recommends the enacted staffing authorization of 3.7 FTE positions for both FY 2012 and FY 2013.

Office of the Child Advocate

The Governor's revised FY 2012 Budget for the Office of the Child Advocate is $578,868, including $528,834 in general revenue and $50,034 in federal funds. The general revenue appropriation is $74,550 less than the enacted budget of $603,384, comprised of a decrease of $78,155 in personnel expenses, all of which is related to vacancies during this fiscal year. The personnel decrease is slightly offset by an increase of $6,070 in operating expenses and capital purchases.

For FY 2013, the Governor recommends total expenditures of $661,503, including $611,469 in general revenue and $50,034 in federal funds. The general revenue increase of $8,085 compared to the FY 2012 enacted budget includes additional personnel expenses of $1,932 related to benefit adjustments and $6,070 related to operating expenses and capital purchases.

The Governor recommends an authorized FTE level of 5.8 positions in FY 2012 and FY 2013, which is consistent with the FY 2012 enacted budget.