

**Department of Human Services  
Long Term Care Committee  
Representative Kreidt, Chairman  
September 28, 2010**

Chairman Kreidt, members of the Long Term Care Committee, I am Brenda M. Weisz, the Chief Financial Officer for the Department of Human Services. I am here today to provide preliminary, estimated costs to continue for the 2011 – 2013 biennium. The information I am presenting today is essentially the same information that was presented to the Health and Human Services Committee on June 16, 2010 with updates. We are currently preparing the Department's budget for the 2011 – 2013 biennium and so many costs are still being determined.

When we began building our budget, the first area we considered was the amounts listed in Section 2 of HB 1012, the Department's appropriation bill. This section indicates the amount of American Recovery and Reinvestment Act (ARRA) funds that will be replaced. The first amount is \$2.76 million of child support incentive funds that were authorized to be used to match federal funds. The ability to use incentive funds to match federal funds is scheduled to end September 30, 2010. Also listed in HB 1012 is the need to replace \$66.5 million of ARRA Federal Medical Assistance Percentage (FMAP), which is currently 69.95%. In April, the organization Federal Funds Information for States (FFIS) issued the preliminary FMAP for Federal Fiscal Year (FFY) 2012, which was 56.96%. This is a change from the 60.35% that was finalized for FFY 2011. Applying this FMAP for FFY 2012 and FFY 2013 was estimated to result in a general fund need of \$82 - \$83 million before considering any caseload growth. Late Friday afternoon (September 24, 2010) FFIS issued the final FMAP for FFY 2012, which will be 55.4%, a further decrease of 1.56%. We are currently working on the fiscal impact of this recent change.

The amount of IGT funds to be replaced for the 2011 - 2013 budget is \$4.1 million. We do not anticipate the need to replace any TANF funds with general fund during the next budget cycle.

Finally, to continue the 6% inflation granted to Providers on July 1, 2010 for a full 24 months and to maintain the ending caseloads for the 2009 - 2011 biennium for a full 24 months the estimated cost is \$31 - \$32 million for the Medicaid and Long Term Care areas of our budget. These two areas of our budget amount to 61% of the Department's appropriation.

The amounts I have discussed are preliminary and the Department still needs to finalize estimates for all parts of the budget. One area that will factor into the costs to continue is the increase of Medicaid eligible clients, which was at 57,926 on July 1, 2009 and for the month of August 2010 is at 62,914. The Medicaid eligible information is reported in the Department's Quarterly Budget Insight. Also reported in the Quarterly Budget Insight is the percentage of the appropriation expended under various areas of the Department. For the quarter ended June 30, 2010, the Medicaid area had expended 46.1% of the appropriation while only 45.8% (11 months / 24 months) of the biennium has expired since Medicaid payments are billed on a one month lag. As we finalize our budget for 2011 - 2013 biennium, we will also need to look at Child Support Collections which are on the rise for families along with other third party collections that are received at the Human Service Center level. We will carefully scrutinize these estimates since income from these sources will result in less need from the general fund.

This concludes my testimony and I am open to your questions.